

GUARDIAN ANGEL SETTLEMENT ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2010
(With comparative totals for 2009)

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Independent Auditor's Report

Board of Directors
Guardian Angel Settlement Association
St. Louis, Missouri

We have audited the accompanying statement of financial position of Guardian Angel Settlement Association (the "Association") as of December 31, 2010 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. The prior year's summarized comparative information has been derived from the Association's 2009 financial statements and, in our report dated May 14, 2010, we expressed an unqualified opinion on those financial statements. These financial statements are the responsibility of the Association's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Guardian Angel Settlement Association as of December 31, 2010 and the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Huber, Ring, Helm & Co., P.C.

St. Louis, Missouri
June 1, 2011

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GUARDIAN ANGEL SETTLEMENT ASSOCIATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

(With comparative totals for 2009)

ASSETS

| | Unrestricted | Temporarily Restricted | Total | |
|---|--------------------|---------------------------|--------------------|--------------------|
| | | | 2010 | 2009 |
| CURRENT ASSETS | | | | |
| Cash | \$ 602,996 | \$ 5,618 | \$ 608,614 | \$ 117,987 |
| Accounts receivable | 130,936 | | 130,936 | 93,414 |
| Other receivable | 4,548 | | 4,548 | 4,692 |
| Pledges receivable | | 895,430 | 895,430 | 1,029,343 |
| Investments | | | | 1,006,964 |
| Prepaid expenses | 13,002 | | 13,002 | 14,682 |
| Total current assets | <u>751,482</u> | <u>901,048</u> | <u>1,652,530</u> | <u>2,267,082</u> |
| PROPERTY AND EQUIPMENT, at cost | | | | |
| Land | 338,204 | | 338,204 | 338,204 |
| Furniture and equipment | 104,557 | | 104,557 | 104,557 |
| Vehicles | 142,680 | | 142,680 | 142,680 |
| Building and improvements | 4,044,582 | | 4,044,582 | 4,044,582 |
| | <u>4,630,023</u> | | <u>4,630,023</u> | <u>4,630,023</u> |
| Less accumulated depreciation and amortization | 602,221 | | 602,221 | 486,231 |
| | <u>4,027,802</u> | | <u>4,027,802</u> | <u>4,143,792</u> |
| OTHER ASSETS | | | | |
| Pledges receivable (less current amounts, discounts on long-term promises to give, and allowance for uncollectible amounts of \$7,196 in 2010 and \$35,000 in 2009) | | 435,393 | 435,393 | 903,453 |
| | <u>\$4,779,284</u> | <u>\$1,336,441</u> | <u>\$6,115,725</u> | <u>\$7,314,327</u> |

LIABILITIES AND NET ASSETS

| | | | | |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| CURRENT LIABILITIES | | | | |
| Accounts payable | \$ 15,389 | | \$ 15,389 | \$ 137,830 |
| Accrued expenses | 121,357 | | 121,357 | 106,973 |
| Interest payable | | | | 14,326 |
| Line of credit | 282,640 | | 282,640 | 65,000 |
| Current portion of long-term debt | 600,000 | | 600,000 | 1,110,449 |
| Total current liabilities | <u>1,019,386</u> | | <u>1,019,386</u> | <u>1,434,578</u> |
| LONG-TERM DEBT | | | | |
| Note payable (less current portion) | | | | 600,000 |
| Total liabilities | <u>1,019,386</u> | | <u>1,019,386</u> | <u>2,034,578</u> |
| NET ASSETS | | | | |
| Unrestricted | 3,759,898 | | 3,759,898 | 3,328,932 |
| Temporarily restricted | | \$1,336,441 | 1,336,441 | 1,950,817 |
| | <u>\$4,779,284</u> | <u>\$1,336,441</u> | <u>\$6,115,725</u> | <u>\$7,314,327</u> |

See accompanying notes and independent auditor's report.

GUARDIAN ANGEL SETTLEMENT ASSOCIATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2010

(With comparative totals for 2009)

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> | <u>Total</u> |
|--|----------------------------|-----------------------------------|----------------------------|----------------------------|
| | | | 2010 | 2009 |
| SUPPORT, REVENUE, AND GAINS | | | | |
| Allocation from United Way of Greater St. Louis, Inc. | | \$ 366,513 | \$ 366,513 | \$ 347,778 |
| Match for daycare funds | \$ 22,957 | | 22,957 | 27,751 |
| Contributions | 224,589 | 28,856 | 253,445 | 1,808,968 |
| In-kind donations | 52,825 | | 52,825 | 19,943 |
| Fees and grants | 1,325,936 | | 1,325,936 | 1,178,853 |
| Program fees | 65,005 | | 65,005 | 35,992 |
| Investment income | 10,303 | | 10,303 | 7,003 |
| Miscellaneous | 6,406 | | 6,406 | 6,651 |
| Special events, net of expenses | 228,789 | | 228,789 | 195,752 |
| Thrift store sales | 21,529 | | 21,529 | 25,079 |
| Loss on disposal of assets | | | | (284,379) |
| Net assets released from restrictions | <u>1,009,745</u> | <u>(1,009,745)</u> | | |
| Total support, revenue, and gains | <u>2,968,084</u> | <u>(614,376)</u> | <u>2,353,708</u> | <u>3,369,391</u> |
| EXPENSES | | | | |
| Daycare center | 1,652,863 | | 1,652,863 | 1,326,660 |
| Social services | 535,403 | | 535,403 | 582,775 |
| Management | 316,065 | | 316,065 | 225,957 |
| Fundraising | 32,787 | | 32,787 | 100,425 |
| Total expenses | <u>2,537,118</u> | | <u>2,537,118</u> | <u>2,235,817</u> |
| INCREASE (DECREASE) IN NET ASSETS | 430,966 | (614,376) | (183,410) | 1,133,574 |
| NET ASSETS BEGINNING OF YEAR | <u>3,328,932</u> | <u>1,950,817</u> | <u>5,279,749</u> | <u>4,146,175</u> |
| NET ASSETS END OF YEAR | <u><u>\$ 3,759,898</u></u> | <u><u>\$ 1,336,441</u></u> | <u><u>\$ 5,096,339</u></u> | <u><u>\$ 5,279,749</u></u> |

See accompanying notes and independent auditor's report.

GUARDIAN ANGEL SETTLEMENT ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2010

(With comparative totals for 2009)

| | Program Services | | Supporting Services | | Total | |
|---|---------------------|-------------------|---------------------|------------------|---------------------|---------------------|
| | Daycare Center | Social Services | Management | Fund-Raising | 2010 | 2009 |
| SALARIES AND RELATED EXPENSES | \$ 1,188,848 | \$ 306,429 | \$ 200,651 | | \$ 1,695,928 | \$ 1,553,951 |
| OTHER EXPENSES | | | | | | |
| Professional fees and contract service payments | 5,500 | 6,080 | 24,473 | \$ 28,669 | 64,722 | 81,816 |
| Food and supplies | 133,008 | 12,237 | 62,866 | | 208,111 | 165,021 |
| Communication | 7,081 | 6,884 | 833 | | 14,798 | 17,576 |
| Postage | | | 4,431 | | 4,431 | 4,704 |
| Occupancy | 61,544 | 38,038 | 2,510 | | 102,092 | 107,343 |
| Maintenance | 8,342 | 2,808 | 3,570 | | 14,720 | 17,646 |
| Printing and publications | | | 6,205 | 4,118 | 10,323 | 44,701 |
| Local transportation | | | | | | 597 |
| Conference and meetings | 9,880 | 329 | 70 | | 10,279 | 5,912 |
| Specific assistance | | 69,085 | | | 69,085 | 71,157 |
| Interest | 87,726 | | 269 | | 87,995 | 15,255 |
| Bad debts | | | | | | 305 |
| Dues | 852 | 50 | 1,460 | | 2,362 | 3,908 |
| Field trips, recreation | | | | | | 661 |
| Insurance | 28,480 | 15,089 | 1,704 | | 45,273 | 34,805 |
| Vehicle | 7,867 | 10,876 | | | 18,743 | 18,928 |
| Tutoring program expenses | | 12,403 | | | 12,403 | 23 |
| Miscellaneous | 15 | | 7,023 | | 7,038 | 8,066 |
| Capital campaign expenses | | | | | | 14,351 |
| Depreciation and amortization | 60,895 | 55,095 | | | 115,990 | 49,148 |
| Other in-kind assistance | 52,825 | | | | 52,825 | 19,943 |
| Total other expenses | <u>464,015</u> | <u>228,974</u> | <u>115,414</u> | <u>32,787</u> | <u>841,190</u> | <u>681,866</u> |
| Total expenses | <u>\$ 1,652,863</u> | <u>\$ 535,403</u> | <u>\$ 316,065</u> | <u>\$ 32,787</u> | <u>\$ 2,537,118</u> | <u>\$ 2,235,817</u> |

See accompanying notes and independent auditor's report.

GUARDIAN ANGEL SETTLEMENT ASSOCIATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2010

(With comparative totals for 2009)

| | <u>2010</u> | <u>2009</u> |
|--|-------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase (decrease) in net assets | \$ (183,410) | \$ 1,133,574 |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 115,990 | 49,148 |
| Loss on disposal of assets | | 284,379 |
| Decrease in allowance for doubtful accounts - promises to give | (27,804) | |
| Decrease in discount on unconditional promises to give | (18,000) | (12,000) |
| (Increase) decrease in operating assets | | |
| Accounts receivable | (37,522) | 46,015 |
| Other receivable | 144 | 797 |
| Pledges receivable | 647,777 | 320,888 |
| Prepaid expenses | 1,680 | (6,939) |
| Increase (decrease) in operating liabilities | | |
| Accounts payable | (122,441) | 79,533 |
| Accrued expenses | 14,384 | 12,014 |
| Interest payable | (14,326) | 14,326 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>376,472</u> | <u>1,921,735</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | | (1,103,006) |
| Proceeds from sale of investments | 1,006,964 | 1,000,000 |
| Purchase of investments | | (1,006,964) |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | <u>1,006,964</u> | <u>(1,109,970)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal payments on long-term debt | (1,110,449) | (801,792) |
| Net borrowing on line of credit | 217,640 | 65,000 |
| NET CASH USED IN FINANCING ACTIVITIES | <u>(892,809)</u> | <u>(736,792)</u> |
| INCREASE IN CASH | 490,627 | 74,973 |
| CASH, BEGINNING OF YEAR | <u>117,987</u> | <u>43,014</u> |
| CASH, END OF YEAR | <u>\$ 608,614</u> | <u>\$ 117,987</u> |
| SUPPLEMENTAL CASH FLOW INFORMATION | | |
| Capitalized interest | | <u>\$ 4,489</u> |
| Cash paid during the year for interest | <u>\$ 102,321</u> | <u>\$ 5,418</u> |
| NON-CASH FINANCING AND INVESTING ACTIVITIES | | |
| Purchase of new building | | \$ 3,568,562 |
| Amount financed | | <u>(2,499,978)</u> |
| Cash paid | | <u>\$ 1,068,584</u> |

See accompanying notes and independent auditor's report.

GUARDIAN ANGEL SETTLEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 1 – NATURE OF ACTIVITIES

Guardian Angel Settlement Association, (the “Association”), is a not-for-profit Missouri corporation whose mission is to serve the poor by helping them improve their lives and achieve economic independence. The Association offers families direct assistance, children’s daycare, senior programs, summer youth programs, and adult education programs.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Association reports information regarding its financial position and activities according to three classes of net assets depending upon the existence or nature of any donor-imposed restrictions. The following is a description of these classes of net assets:

Unrestricted - Those resources over which the Board of Directors has discretionary control. Designated amounts represent those resources that the Board has set aside for a particular purpose. Unrestricted net assets are available for operations including program and supporting services.

Temporarily Restricted - Those resources subject to donor-imposed restrictions that will be satisfied by actions of the Association or the passage of time.

Permanently Restricted - Those resources subject to donor-imposed restrictions that will be maintained permanently by the Association. The donors of these resources permit the Association to use all or part of the income earned, including capital appreciation, on related investments for unrestricted or temporarily restricted purposes. No permanently restricted assets were held during the years ended December 31, 2010 and 2009 and, accordingly, these financial statements do not reflect any activity related to this class of net assets.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. Contributions are reported as temporarily restricted support if they are received with a donor’s stipulation that limits the use of the donated assets. When a donor’s restriction is satisfied, temporarily restricted net assets are released and reported as an increase in unrestricted net assets. However, restricted support received and expended during the same reporting period is reported as unrestricted support.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

The financial statements include certain prior-year summarized comparative information in total but not by class of net assets. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2009 from which the summarized information was derived.

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, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status

The Association is a tax-exempt Association under Section 501(c)(3) of the Internal Revenue Code. As such, the Association can only be taxed on income from any activities unrelated to its charitable purpose. The Association earned no unrelated business taxable income for the years ended December 31, 2010 and 2009; therefore, the statements do not include any provision for income taxes.

On January 1, 2009, the Association adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FASB ASC 740-10 as later amended by Accounting Standards update 2009-06). Management believes that tax positions taken by the Association regarding its tax-exempt status and unrelated business income meet the "more likely than not" criteria of the new standard. As a result, this standard had no effect on the financial statements. Management does not anticipate any significant changes in its tax positions in the near term.

The Association files an annual informational return in the U.S. federal jurisdiction. The federal informational returns of the Association are subject to examination by the IRS, generally for three years after the statutory due date of the returns.

Accounts Receivable

Accounts receivable consist of amounts due for daycare fees and government grant requests for reimbursement through December 31, 2010. The Association's policy is to write off uncollectible accounts prior to year end. As a result, the Association generally does not record an allowance for doubtful accounts. The Association does not charge interest on accounts receivable. At December 31, 2010 and 2009, there were no accounts receivable balances past due and over 90 days old.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*Pledges Receivable*

Unconditional promises to give are recognized as revenue in the period received and are recorded at net realizable value. The Association provides for losses on these receivables using the allowance method. Based on past history and current economic conditions, the Association's estimate for doubtful accounts is approximately 2% of pledges receivable.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. At December 31, 2010 and 2009, the Association had received no conditional promises to give.

Investments and Investment Income

The Association accounts for investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for discussion of fair value measurements. Investment income (including gains and losses on investments, interest and dividends) is included in the statement of activities and changes in net assets as an increase or decrease in unrestricted net assets unless the income or loss is restricted by donor or law. All investments were sold during the year ended December 31, 2010. At December 31, 2010 and 2009, investment income consisted of interest income.

Property and Equipment

Property and equipment are stated at cost if purchased and at fair value if contributed. Major renewals and betterments are charged to the property accounts while maintenance and repairs, which do not improve or extend the lives of the respective assets, are charged to expense as incurred. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets. Leasehold improvements are amortized using the straight-line method over the remaining terms of the leases. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donors' stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donors' restrictions when the donated assets are placed in service. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributions

The Association's policy is to record restricted contributions as unrestricted if the restriction is met within the reporting period. Donated assets are recorded at fair value of the item donated at the time of donation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*In-Kind Contributions and Contributed Services*

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donors' stipulations specify how donated assets must be used. The Association received donated clothing and household items valued at \$52,825 and \$19,943 for the years ended December 31, 2010 and 2009, respectively. These amounts have been reported as both in-kind contribution revenue and in-kind assistance and rent expense on the statement of activities and changes in net assets. The Association also receives services from a number of volunteers who give significant amounts of their time to the Association's programs and fundraisers but which do not meet the criteria for financial statement recognition.

Advertising Expense

The Association uses advertising to promote its programs among the audiences it serves. Advertising costs are charged to expense as incurred. Advertising expense for the years ended December 31, 2010 and 2009 was \$2,109 and \$42,350, respectively.

Functional Expenses

The Association allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classifications. Other expenses that are common to several functions are allocated by various statistical bases.

NOTE 3 – RISKS AND UNCERTAINTIES*Credit Risk*

The Association places all of its temporary cash investments with major financial institutions and, by policy, attempts to limit the amount of credit exposure at any one financial institution. Cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 under the FDIC's general deposit insurance rules. Beginning December 31, 2010 through December 31, 2012, the FDIC has temporarily implemented unlimited coverage on all funds in non-interest bearing transaction accounts. As of December 31, 2010, the Association had \$186,900 in interest bearing cash accounts in excess of Federal Deposit Insurance Corporation ("FDIC") limits. The remaining cash accounts are fully insured.

Support

The Association's support base is located geographically in the Greater St. Louis area. During 2010, three supporters accounted for approximately 63% of the Association's support. In 2009, four supporters accounted for approximately 53% of the Association's support.

NOTE 4 – PLEDGES RECEIVABLE

Total pledges are scheduled for collection as follows:

| | <u>2010</u> | <u>2009</u> |
|--|---------------------|---------------------|
| Less than one year | \$ 895,430 | \$ 1,029,343 |
| One to five years | 454,089 | 967,953 |
| | <u>1,349,519</u> | <u>1,997,296</u> |
| Less discounts to net present value | (11,500) | (29,500) |
| Less allowance for uncollectible pledges | <u>(7,196)</u> | <u>(35,000)</u> |
| | <u>\$ 1,330,823</u> | <u>\$ 1,932,796</u> |

These amounts are classified on the Statement of Financial Position as follows:

| | <u>2010</u> | <u>2009</u> |
|--------------------------------|---------------------|---------------------|
| Pledges receivable - current | \$ 895,430 | \$ 1,029,343 |
| Pledges receivable - long-term | <u>435,393</u> | <u>903,453</u> |
| | <u>\$ 1,330,823</u> | <u>\$ 1,932,796</u> |

The rate used to discount long-term pledges receivable at December 31, 2010 and 2009 was 1.25%.

NOTE 5 – INVESTMENTS

Investments are carried at fair value and consist of the following at December 31, 2010 and 2009:

| | <u>2010</u> | <u>2009</u> |
|-------------------------|-------------|---------------------|
| Certificates of deposit | <u>\$ -</u> | <u>\$ 1,006,964</u> |

NOTE 6 – FAIR VALUE MEASUREMENTS

The Association has adopted Financial Accounting Standards Board ("FASB"), "Fair Value Measurements" ("FASB ASC 820"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP"), and expands disclosures about fair value measurements.

NOTE 6 –FAIR VALUE MEASUREMENTS (CONTINUED)

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels explained below:

- Level 1 Valuations based on unadjusted quoted prices available for identical assets in active markets that the Association has the ability to access.
- Level 2 Valuations based on quoted prices in markets which are not active, or for which all significant inputs are observable, either directly or indirectly, or derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010 and 2009.

Certificates of deposit: Valued based on yields currently available on comparable securities of issuers with similar credit ratings.

During 2010, the Association transferred the investments in certificates of deposit to a cash position.

The Association's investments in certificates of deposits of \$1,006,964 were measured at fair value using Level 2 techniques at December 31, 2009.

Non-financial assets such as property and equipment are measured at fair value when there is an indicator of impairment and recorded at fair value only when impairment is recognized. No impairment indicators existed as of December 31, 2010.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short maturity of these items. The carrying amount of the Association's notes and long-term debt is estimated to approximate fair value because the interest rates are based on estimated current rates offered to the Association for debt with similar terms and maturities.

NOTE 7 – LONG-TERM DEBT

In March 2009, the Association obtained financing from a bank of up to \$2,499,978 to construct a new building. The note was due September 2009 and was refinanced upon the completion of the building in December 2009 for \$1,600,000 maturing December 31, 2011.

| | <u>2010</u> | <u>2009</u> |
|---|-------------------|---------------------|
| Note payable to GMAC Financing, \$18,900 payable in monthly installments of \$612 including interest at 9.915%, through October 2010. | | \$ 5,850 |
| Note payable to Pulaski Bank, secured by the deed of trust, payable in two principal payments, one of \$600,000, including interest at 5.85%, due December 31, 2011 and one of \$1,000,000 due December 31, 2010. | <u>\$ 600,000</u> | <u>\$ 1,704,600</u> |
| | 600,000 | 1,710,450 |
| Less current portion of long-term debt | <u>600,000</u> | <u>1,110,450</u> |
| | <u>\$ -</u> | <u>\$ 600,000</u> |

NOTE 8 – LINE OF CREDIT

At December 31, 2010 and 2009, the Association had a \$100,000 line of credit expiring May 2011, with interest on the outstanding balance payable at 4.75% fixed. Balances of \$55,000 and \$65,000 were outstanding on this line of credit as of December 31, 2010 and 2009, respectively.

At December 31, 2010 and 2009, pursuant to an agreement with a bank, the Association had an available \$360,000 line of credit expiring December 2012, secured by the Association's real property. A balance of \$227,640 was outstanding on this line of credit as of December 31, 2010. The Association had no borrowings against this line of credit as of December 31, 2009.

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS AND ASSETS RELEASED FROM RESTRICTIONS

At December 31, 2010 and 2009, restricted net assets are subject to the following temporary restrictions:

| | <u>2010</u> | <u>2009</u> |
|---|---------------------|---------------------|
| Temporarily time restricted | \$ 1,312,088 | \$ 1,932,796 |
| Temporarily purpose restricted | 5,618 | 18,021 |
| Temporarily time and purpose restricted | <u>18,735</u> | <u> </u> |
| | <u>\$ 1,336,441</u> | <u>\$ 1,950,817</u> |

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS AND ASSETS RELEASED FROM RESTRICTIONS (CONTINUED)

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

| | | |
|--|---------------------|---------------------|
| | <u>2010</u> | <u>2009</u> |
| Satisfaction of time or purpose restrictions | <u>\$ 1,009,745</u> | <u>\$ 2,921,577</u> |

NOTE 10 – PENSION PLAN

The Association sponsors a defined contribution retirement plan. Substantially all employees are eligible to participate in the plan after completion of one year of service and 1,000 hours. The Association contributes 3% of employee compensation for all eligible employees. The Association contributed \$23,038 and \$26,263 for the years ended December 31, 2010 and 2009, respectively.

NOTE 11 – CAPITAL CAMPAIGN

During 2007, the Association launched a capital campaign to fund the construction of a new building to house the administrative offices and to combine its two daycare centers. The capital campaign raised pledges totaling \$4,139,963 of which \$1,590,915 was pledged during 2009. Pledges due and included in pledges receivable at December 31, 2010 and 2009 totaled \$964,310 and \$1,585,018, respectively. The capital campaign concluded in 2009; the Association does not expect to receive any additional capital campaign contributions.

NOTE 12 – SPECIAL EVENTS

Special events consisted of the following for the years ended December 31, 2010 and 2009:

| | <u>2010</u> | | | |
|---------|-------------------|----------------------------|------------------|-------------------|
| | <u>Auction</u> | <u>Golf Tournament</u> | <u>Other</u> | <u>Total</u> |
| Revenue | \$ 177,045 | \$ 96,324 | \$ 15,396 | \$ 288,765 |
| Expense | 32,700 | 24,118 | 3,158 | 59,976 |
| | <u>\$ 144,345</u> | <u>\$ 72,206</u> | <u>\$ 12,238</u> | <u>\$ 228,789</u> |
| | <u>2009</u> | | | |
| | <u>Auction</u> | <u>Golf Tournament</u> | <u>Other</u> | <u>Total</u> |
| Revenue | \$ 154,801 | \$ 84,258 | \$ 20,652 | \$ 259,711 |
| Expense | 34,852 | 23,838 | 5,269 | 63,959 |
| | <u>\$ 119,949</u> | <u>\$ 60,420</u> | <u>\$ 15,383</u> | <u>\$ 195,752</u> |

NOTE 13 – SUBSEQUENT EVENTS

The Association has evaluated subsequent events through June 1, 2011, the date on which the financial statements were available to be issued.