

**ST. LUKE'S COMMUNITY HOUSE  
(EPISCOPAL), INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**December 31, 2006 and 2005**

**ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
St. Luke's Community House (Episcopal), Inc.  
Nashville, Tennessee

We have audited the accompanying statements of financial position of St. Luke's Community House (Episcopal), Inc. (a nonprofit organization) as of December 31, 2006 and 2005, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Luke's Community House (Episcopal), Inc. as of December 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Frasier, Dean & Howard, PLLC*

April 4, 2007

**ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 605,292	\$ 654,353
Deferred benefit plan refund receivable	44,083	-
Contributions receivable, current portion	<u>414,633</u>	<u>399,433</u>
Total current assets	1,064,008	1,053,786
Contributions receivable, less current portion	69,118	75,546
Land, buildings and equipment, net of accumulated depreciation of \$742,496 and \$571,550, respectively	4,120,664	4,291,610
Investments	<u>907,961</u>	<u>856,274</u>
Total assets	<u><u>\$ 6,161,751</u></u>	<u><u>\$ 6,277,216</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 13,202	\$ 106,719
Note payable, current portion	<u>123,508</u>	<u>123,508</u>
Total current liabilities	136,710	230,227
Note payable, net of current portion	<u>651,686</u>	<u>1,069,608</u>
Total liabilities	<u>788,396</u>	<u>1,299,835</u>
Net assets:		
Unrestricted		
Undesignated	3,894,751	3,622,661
Designated	257,453	242,002
Temporarily restricted	639,602	567,199
Permanently restricted	<u>581,549</u>	<u>545,519</u>
Total net assets	<u>5,373,355</u>	<u>4,977,381</u>
Total liabilities and net assets	<u><u>\$ 6,161,751</u></u>	<u><u>\$ 6,277,216</u></u>

See accompanying notes.

**ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2006**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Public support:				
Contributions	\$ 331,985	\$ 649,391	\$ 5,171	\$ 986,547
United Way	68,059	202,506	-	270,565
Associated organizations	121,964	10,736	-	132,700
Contributions - thrift shop	125,125	-	-	125,125
Special events	71,910	-	-	71,910
Net assets released from restrictions	790,230	(790,230)	-	-
Total public support	<u>1,509,273</u>	<u>72,403</u>	<u>5,171</u>	<u>1,586,847</u>
Revenue:				
Program services	247,382	-	-	247,382
Investment income, net	51,553	-	30,859	82,412
Grants	66,751	-	-	66,751
Interest income	16,421	-	-	16,421
Miscellaneous	556	-	-	556
Defined benefit plan refund	126,527	-	-	126,527
Total revenue	<u>509,190</u>	<u>-</u>	<u>30,859</u>	<u>540,049</u>
Total public support and revenue	<u>2,018,463</u>	<u>72,403</u>	<u>36,030</u>	<u>2,126,896</u>
Expenses:				
Program services:				
Preschool	807,151	-	-	807,151
School age	229,090	-	-	229,090
Senior services	119,408	-	-	119,408
Community	165,299	-	-	165,299
Volunteers	35,082	-	-	35,082
Family Resource Center	52,027	-	-	52,027
Total program services	<u>1,408,057</u>	<u>-</u>	<u>-</u>	<u>1,408,057</u>
Supporting services:				
Management and general	296,945	-	-	296,945
Fundraising	25,920	-	-	25,920
Total supporting services	<u>322,865</u>	<u>-</u>	<u>-</u>	<u>322,865</u>
Total expenses	<u>1,730,922</u>	<u>-</u>	<u>-</u>	<u>1,730,922</u>
Change in net assets	287,541	72,403	36,030	395,974
Net assets, beginning of year	<u>3,864,663</u>	<u>567,199</u>	<u>545,519</u>	<u>4,977,381</u>
Net assets, end of year	<u>\$ 4,152,204</u>	<u>\$ 639,602</u>	<u>\$ 581,549</u>	<u>\$ 5,373,355</u>

See accompanying notes.

**ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2005**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Public support:				
Contributions	\$ 444,195	\$ 217,989	\$ 6,740	\$ 668,924
United Way	107,173	193,987	-	301,160
Associated organizations	123,238	-	-	123,238
Contributions - thrift shop	115,050	-	-	115,050
Special events	104,684	-	-	104,684
Net assets released from restrictions	1,090,392	(1,038,559)	(51,833)	-
Total public support	<u>1,984,732</u>	<u>(626,583)</u>	<u>(45,093)</u>	<u>1,313,056</u>
Revenue:				
Program services	249,603	-	-	249,603
Investment income, net	18,158	-	31,727	49,885
Grants	59,061	-	-	59,061
Interest income	5,777	-	-	5,777
Miscellaneous	3,242	-	-	3,242
Loss on disposal of fixed assets	(91)	-	-	(91)
Total revenue	<u>335,750</u>	<u>-</u>	<u>31,727</u>	<u>367,477</u>
Total public support and revenue	<u>2,320,482</u>	<u>(626,583)</u>	<u>(13,366)</u>	<u>1,680,533</u>
Expenses:				
Program services:				
Preschool	721,188	-	-	721,188
School age	282,820	-	-	282,820
Senior services	184,181	-	-	184,181
Community	150,253	-	-	150,253
Volunteers	36,298	-	-	36,298
Family Resource Center	25,310	-	-	25,310
Total program services	<u>1,400,050</u>	<u>-</u>	<u>-</u>	<u>1,400,050</u>
Supporting services:				
Management and general	467,681	-	-	467,681
Fundraising	24,725	-	-	24,725
Total supporting services	<u>492,406</u>	<u>-</u>	<u>-</u>	<u>492,406</u>
Total expenses	<u>1,892,456</u>	<u>-</u>	<u>-</u>	<u>1,892,456</u>
Change in net assets	428,026	(626,583)	(13,366)	(211,923)
Net assets, beginning of year	<u>3,436,637</u>	<u>1,193,782</u>	<u>558,885</u>	<u>5,189,304</u>
Net assets, end of year	<u>\$ 3,864,663</u>	<u>\$ 567,199</u>	<u>\$ 545,519</u>	<u>\$ 4,977,381</u>

See accompanying notes.

**ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2006**

	Program Expenses						Support Expenses				
	Preschool Childcare	School Age Childcare	Senior Services	Community	Volunteers	Family Resource Center	Total Program Services	Management and General	Fund- raising	Total Support Expenses	Total Expenses
Salaries and wages	\$ 439,648	\$ 83,169	\$ 60,636	\$ 71,969	\$ 24,712	\$ 37,364	\$ 717,498	\$ 118,919	\$ -	\$ 118,919	\$ 836,417
Benefits	94,851	15,837	14,706	15,035	5,007	8,042	153,478	29,150	-	29,150	182,628
Food	46,644	6,922	17,516	15,843	37	493	87,455	514	20,350	20,864	108,319
Equipment and maintenance	43,974	28,569	4,907	10,673	1,031	1,341	90,495	7,930	-	7,930	98,425
Utilities	30,097	20,064	3,344	6,688	669	669	61,531	5,352	-	5,352	66,883
Program supplies	23,428	5,921	3,008	19,390	145	193	52,085	9,196	4,146	13,342	65,427
Interest charges	-	-	-	-	-	-	-	54,010	-	54,010	54,010
Insurance	16,723	8,833	2,119	3,452	545	735	32,407	3,243	-	3,243	35,650
Professional	1,500	510	300	210	90	30	2,640	20,668	-	20,668	23,308
Contract labor	19,603	165	83	183	-	65	20,099	-	-	-	20,099
Office supplies	6,985	4,168	1,626	1,684	625	615	15,703	2,982	-	2,982	18,685
Printing	-	-	-	110	-	472	582	14,694	1,073	15,767	16,349
Telephone	5,134	3,423	570	1,141	114	114	10,496	943	-	943	11,439
Postage and shipping	-	-	-	286	162	32	480	4,160	351	4,511	4,991
Conference and meetings	1,260	217	160	-	236	153	2,026	2,452	-	2,452	4,478
Miscellaneous	-	-	-	-	-	-	-	4,129	-	4,129	4,129
Transportation	5	-	1,862	1,279	-	-	3,146	90	-	90	3,236
Bad debts expense	-	-	-	-	-	-	-	2,544	-	2,544	2,544
Gifts in kind	-	-	-	-	-	-	-	1,822	-	1,822	1,822
Licenses, fees, permits	373	8	24	261	-	-	666	471	-	471	1,137
	730,225	177,806	110,861	148,204	33,373	50,318	1,250,787	283,269	25,920	309,189	1,559,976
Depreciation	76,926	51,284	8,547	17,095	1,709	1,709	157,270	13,676	-	13,676	170,946
	\$ 807,151	\$ 229,090	\$ 119,408	\$ 165,299	\$ 35,082	\$ 52,027	\$ 1,408,057	\$ 296,945	\$ 25,920	\$ 322,865	\$ 1,730,922

See accompanying notes.

**ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2005**

	Program Expenses						Support Expenses				
	Preschool Childcare	School Age Childcare	Senior Services	Community	Volunteers	Family Resource Center	Total Program Services	Management and General	Fund- raising	Total Support Expenses	Total Expenses
Salaries and wages	\$ 399,633	\$ 121,350	\$ 107,136	\$ 56,768	\$ 26,149	\$ 8,123	\$ 719,159	\$ 114,416	\$ -	\$ 114,416	\$ 833,575
Benefits	95,516	23,129	17,058	11,916	3,819	9,521	160,959	60,754	-	60,754	221,713
Food	32,080	15,573	31,792	14,634	86	491	94,656	2,031	23,384	25,415	120,071
Interest charges	-	-	-	-	-	-	-	94,660	-	94,660	94,660
Equipment and maintenance	38,924	25,415	4,715	9,581	924	1,088	80,647	7,015	-	7,015	87,662
Professional	1,808	615	362	253	108	36	3,182	68,547	-	68,547	71,729
Utilities	30,970	20,646	3,441	6,882	688	688	63,315	5,507	-	5,507	68,822
Bad debts expense	-	-	-	-	-	-	-	65,022	-	65,022	65,022
Program supplies	12,037	2,132	4,095	24,550	468	108	43,390	1,197	313	1,510	44,900
Insurance	16,595	11,064	2,000	3,688	369	369	34,085	2,950	-	2,950	37,035
Printing	99	-	-	154	161	2,217	2,631	13,321	705	14,026	16,657
Office supplies	4,952	3,183	1,598	1,251	539	539	12,062	2,458	-	2,458	14,520
Telephone	5,160	3,440	573	1,146	114	114	10,547	918	-	918	11,465
Transportation	1,051	3,520	1,102	1,847	-	-	7,520	1,363	-	1,363	8,883
Contract labor	4,123	1,201	1,666	219	496	122	7,827	855	-	855	8,682
Postage and shipping	18	-	-	187	555	69	829	5,326	323	5,649	6,478
Gifts in kind	-	-	-	-	-	-	-	4,607	-	4,607	4,607
Conference and meetings	1,079	124	35	67	95	55	1,455	2,460	-	2,460	3,915
Licenses, fees, permits	148	98	53	-	16	59	374	500	-	500	874
Miscellaneous	-	-	-	-	-	-	-	85	-	85	85
	644,193	231,490	175,626	133,143	34,587	23,599	1,242,638	453,992	24,725	478,717	1,721,355
Depreciation	76,995	51,330	8,555	17,110	1,711	1,711	157,412	13,689	-	13,689	171,101
	\$ 721,188	\$ 282,820	\$ 184,181	\$ 150,253	\$ 36,298	\$ 25,310	\$ 1,400,050	\$ 467,681	\$ 24,725	\$ 492,406	\$ 1,892,456

See accompanying notes.



**ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Change in net assets	\$ 395,974	\$ (211,923)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	170,946	171,101
Provision for doubtful and discounted pledges	(6,590)	(10,094)
Unrealized gain on investments	(43,754)	(18,673)
Loss on disposal of land, buildings and equipment	-	91
Changes in operating assets and liabilities:		
Contributions receivable	(2,182)	728,563
Accounts receivable	(44,083)	-
Cash surrender value of life insurance	-	77,790
Accounts payable and accrued expenses	<u>(93,517)</u>	<u>(13,834)</u>
Net cash provided by operating activities	<u>376,794</u>	<u>723,021</u>
Cash flows from investing activities:		
Land, buildings and equipment purchases	-	(41,539)
Purchases of investments	(46,803)	(131,603)
Proceeds from sales of investments	<u>38,870</u>	<u>31,852</u>
Net cash used in investing activities	<u>(7,933)</u>	<u>(141,290)</u>
Cash flows from financing activities:		
Payments on note payable	<u>(417,922)</u>	<u>(659,508)</u>
Net cash used in financing activities	<u>(417,922)</u>	<u>(659,508)</u>
Net decrease in cash and cash equivalents	(49,061)	(77,777)
Cash and cash equivalents at beginning of year	<u>654,353</u>	<u>732,130</u>
Cash and cash equivalents at end of year	<u><u>\$ 605,292</u></u>	<u><u>\$ 654,353</u></u>

See accompanying notes.

**ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2006 and 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

St. Luke's Community House (Episcopal), Inc. (the "Organization"), was founded in 1913 by the Daughters of the King, an order of the Episcopal Church. The Organization offers a diversity of services to the community, enabling people to maintain their lives in a more healthy and stable environment. The Organization concerns itself with the welfare and dignity of individuals and seeks to strengthen and support the family unit. The Organization is supported primarily through donor contributions and the United Way.

The following is a summary of the Organization's significant accounting policies:

**Basis of Presentation**

The Organization presents its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. Net assets of the Organization are presented as follows:

**Unrestricted net assets**

Undesignated - net assets not subject to donor-imposed stipulations or designated by the Organization's Board.

Designated - net assets designated by the Organization's Board for particular purposes, presently designated by the Board for endowment.

**Temporarily restricted net assets** - net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Permanently restricted net assets** - net assets subject to donor-imposed stipulations that require that the assets be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the financial statements and disclosures. Accordingly, actual results could differ from those estimates.

**ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2006 and 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions**

The Organization accounts for contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under SFAS No. 116, time or purpose restricted contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the donor restrictions.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Allowances for uncollectable promises to give are based on management's estimates based on prior collection history.

**Investments**

The Organization accounts for investments in accordance with SFAS No. 124 *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the Statement of Activities.

**Land, Building and Equipment**

Land, building and equipment are stated in the accompanying statement of financial position at cost, or if contributed, at fair market value at date of gift. Depreciation is calculated using the straight-line basis with estimated useful lives ranging as follows:

Buildings and improvements	5 – 39 years
Equipment and furniture	5 – 10 years

**Donated Services**

Donated services are recognized if such services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by persons possessing those skills and would be purchased if not donated.

**ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2006 and 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated Services (Continued)**

Amounts have not been reported in the financial statements for certain donated services because they do not meet the criteria for recognition. However, a substantial number of volunteers have donated approximately 12,000 volunteer hours to the Organization's programs. Donated construction activities, equipment, supplies, and other items are included in the accompanying financial statements at their estimated value.

**Income Taxes**

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and is not considered a private foundation. Accordingly, no provision for income taxes has been made in the financial statements.

**Cash and Cash Equivalents**

For financial statement purposes, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**NOTE 2 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable are summarized below at December 31:

	<u>2006</u>	<u>2005</u>
Receipts expected within one year	\$ 414,633	\$ 399,433
Receipts expected in one to five years	<u>76,000</u>	<u>89,018</u>
	490,633	488,451
Less allowance for estimated uncollectible amounts	(3,000)	(3,000)
Less discounts to present value (for amounts extending beyond one year)	<u>(3,882)</u>	<u>(10,472)</u>
Net contributions receivable	483,751	474,979
Less current portion	<u>(414,633)</u>	<u>(399,433)</u>
Total long-term portion	<u>\$ 69,118</u>	<u>\$ 75,546</u>

**ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2006 and 2005**

**NOTE 3 – INVESTMENTS**

Investments consisting substantially of mutual funds maintained as part of the Episcopal Endowment Corporation Common Trust Fund are stated at fair value and consist of the following:

	<u>2006</u>	<u>2005</u>
Board Designated Fund (includes some permanently restricted net assets in addition to board designations)	\$ 287,443	\$ 271,992
In Perpetuity Fund	<u>620,518</u>	<u>584,282</u>
	<u>\$ 907,961</u>	<u>\$ 856,274</u>

The Organization may utilize distributions from the funds based on 5% of a 3-year rolling average of the Fund.

Investment income, net is comprised of the following:

	<u>2006</u>	<u>2005</u>
Interest	\$ 38,658	\$ 31,212
Unrealized gain	<u>43,754</u>	<u>18,673</u>
	<u>\$ 82,412</u>	<u>\$ 49,885</u>

**NOTE 4 – LAND, BUILDINGS AND EQUIPMENT**

Land, buildings and equipment consist of the following:

	<u>2006</u>	<u>2005</u>
Land	\$ 127,370	\$ 127,370
Buildings and improvements	4,404,779	4,404,779
Equipment and furniture	<u>331,011</u>	<u>331,011</u>
	4,863,160	4,863,160
Accumulated depreciation	<u>(742,496)</u>	<u>(571,550)</u>
	<u>\$ 4,120,664</u>	<u>\$ 4,291,610</u>

**NOTE 5 – NOTE PAYABLE**

During 2003, the Organization secured financing for a new building and renovation of existing buildings on the Organization's current campus. The related construction note allowed for maximum borrowings of \$3,500,000 and required monthly interest payments on outstanding balances. Effective December 2004, the note converted to a term loan with quarterly principal payments of \$30,877 plus interest based on a twenty-year amortization period with a final principal payment due June 1, 2012. The note bears interest at a fixed rate of 5.27%. Amounts outstanding under the note at December 31, 2006 and 2005 totaled \$775,194 and \$1,193,116, respectively. The note is secured by capital campaign contributions and receivables.

**ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2006 and 2005**

**NOTE 5 – NOTE PAYABLE (Continued)**

The note also requires the maintenance of certain financial covenants including a debt service coverage ratio not less than 1.0. The Organization was in compliance with this covenant at December 31, 2006.

Scheduled maturities of the note payable are as follows:

2007	\$ 123,508
2008	123,508
2009	123,508
2010	123,508
2011	123,508
Thereafter	<u>157,654</u>
	<u>\$ 775,194</u>

**NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following:

	<u>2006</u>	<u>2005</u>
Capital campaign	\$ 154,263	\$ 355,966
Unconditional promises to give due in future periods	335,339	121,233
Program services	<u>150,000</u>	<u>90,000</u>
	<u>\$ 639,602</u>	<u>\$ 567,199</u>

**NOTE 7 – CONTRIBUTIONS – THRIFT SHOP AND ASSOCIATED ORGANIZATIONS**

The Organization receives support from income generated by a local thrift shop. Such contributions totaled \$125,125 and \$115,050 for the years ended December 31, 2006 and 2005, respectively. In addition, the Organization receives contributions from churches and other organizations associated with the Episcopal Church. Contributions from these Organizations totaled \$132,700 and \$123,238 for the years ended December 31, 2006 and 2005, respectively.

**NOTE 8 – PENSION PLAN**

During fiscal 2000, the Board of Directors approved an amendment to its defined benefit pension plan which resulted in the freezing of all future benefits under the plan as of August 31, 2000. During 2006, the plan was terminated. As a result, excess revenue was recorded over the amounts the Plan is required to pay to participants and totals \$126,527. Amounts still due to the Organization relating to the pension plan approximated \$44,000 at December 31, 2006.

**ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2006 and 2005**

**NOTE 8 – PENSION PLAN (Continued)**

The following sets forth the Plan's funded status and amounts recognized in the statement of financial position in accordance with Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" and Statement of Financial Accounting Standards 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits".

	<u>2006</u>	<u>2005</u>
Accumulated benefit obligation	\$ -	\$ 563,207
Fair value of plan assets	\$ -	\$ 470,109
Projected benefit obligation	<u>-</u>	<u>563,207</u>
Plan assets in excess (deficient) of projected benefit obligation	-	(93,098)
Unrecognized actuarial loss	-	205,466
Unrecognized transition asset	-	-
Unrecognized prior service cost	-	-
Additional minimum liability	<u>-</u>	<u>(205,466)</u>
Accrued pension liability	<u>\$ -</u>	<u>\$ (93,098)</u>

Net pension cost includes the following components:

Service cost	\$ -	\$ -
Interest cost	-	31,855
Return on assets	-	(26,129)
Net amortization	<u>-</u>	<u>15,823</u>
Net periodic pension cost	<u>\$ -</u>	<u>\$ 21,549</u>

Other information includes the following:

Benefit cost	<u>\$ -</u>	<u>\$ 112,368</u>
Employer contributions	<u>\$ -</u>	<u>\$ 7,300</u>
Participant contributions	<u>\$ -</u>	<u>\$ -</u>
Benefit payments	<u>\$ -</u>	<u>\$ 34,423</u>

The weighted-average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation was 6% in 2005. The expected long-term return on assets was projected at 6% in 2005.

**ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2006 and 2005**

**NOTE 9 – CONCENTRATIONS**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. Cash at December 31, 2006 and 2005 includes demand deposits at high credit quality financial institutions. The deposits possess credit risk to the extent they exceed federally insured limits. The exposure to concentrations of credit risk relative to securities is limited due to the Organization's investment objectives and policies of maintaining a variety of quality investments.

During 2006, the Organization received cash or pledges of approximately \$200,000 each from two major donors. A reduction of these amounts in the future could have an impact on the Organization's activities.

**NOTE 10 – BENEFIT PLAN**

Effective February 2001, the Organization established a 401(k) Retirement Savings Plan (the "Plan"). Under the Plan, the Organization will contribute 3% of eligible employees' compensation as defined. In addition, the Organization will match up to 3% of employees' contributions to the Plan. Retirement plan contributions totaled \$35,806 and \$30,687 for the years ended December 31, 2006 and 2005, respectively.

**NOTE 11 – COMMITMENT**

Subsequent to December 31, 2006, the Organization entered into a contract to purchase a piece of property near the Organization's campus for approximately \$85,000. The Organization has received a promise to give from a donor as of December 31, 2006 to fund the purchase of the property which such promise has been recorded as a contribution receivable in the accompanying 2006 statement of financial position.