

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

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

**December 31, 2007 and 2006**

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, 2007 and 2006, 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, 2007 and 2006, 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*

May 5, 2008

ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.  
 STATEMENTS OF FINANCIAL POSITION  
 December 31, 2007 and 2006

	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 615,268	\$ 605,292
Deferred benefit plan refund receivable	-	44,083
Contributions receivable, current portion	184,858	414,633
Total current assets	800,126	1,064,008
Contributions receivable, less current portion	16,231	69,118
Land, buildings and equipment, net of accumulated depreciation of \$914,388 and \$742,496, respectively	4,136,211	4,120,664
Investments	943,717	907,961
Total assets	\$ 5,896,285	\$ 6,161,751
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 48,041	\$ 13,202
Note payable, current portion	123,508	123,508
Total current liabilities	171,549	136,710
Note payable, net of current portion	355,178	651,686
Total liabilities	526,727	788,396
Net assets:		
Unrestricted		
Undesignated	4,110,172	3,894,751
Designated	268,934	257,453
Temporarily restricted	334,629	639,602
Permanently restricted	655,823	581,549
Total net assets	5,369,558	5,373,355
Total liabilities and net assets	\$ 5,896,285	\$ 6,161,751

See accompanying notes.

ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue:				
Public support:				
Contributions	\$ 531,066	\$ 196,906	\$ 50,002	\$ 777,974
United Way	38,654	265,388	-	304,042
Associated organizations	137,563	-	-	137,563
Contributions - thrift shop	125,125	-	-	125,125
Special events	57,702	-	-	57,702
Net assets released from restrictions	767,267	(767,267)	-	-
Total public support	1,657,377	(304,973)	50,002	1,402,406
Revenue:				
Program services	197,787	-	-	197,787
Investment income, net	40,066	-	24,272	64,338
Grants	101,131	-	-	101,131
Interest income	16,227	-	-	16,227
Miscellaneous	92	-	-	92
Total revenue	355,303	-	24,272	379,575
Total public support and revenue	2,012,680	(304,973)	74,274	1,781,981
Expenses:				
Program services:				
Preschool childcare	848,233	-	-	848,233
School age childcare	150,785	-	-	150,785
Senior services	117,597	-	-	117,597
Community	283,170	-	-	283,170
Volunteers	32,035	-	-	32,035
Family Resource Center	49,943	-	-	49,943
Total program services	1,481,763	-	-	1,481,763
Supporting services:				
Management and general	289,670	-	-	289,670
Fundraising	14,345	-	-	14,345
Total supporting services	304,015	-	-	304,015
Total expenses	1,785,778	-	-	1,785,778
Change in net assets	226,902	(304,973)	74,274	(3,797)
Net assets, beginning of year	4,152,204	639,602	581,549	5,373,355
Net assets, end of year	\$ 4,379,106	\$ 334,629	\$ 655,823	\$ 5,369,558

See accompanying notes.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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	1,509,273	72,403	5,171	1,586,847
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	509,190	-	30,859	540,049
Total public support and revenue	2,018,463	72,403	36,030	2,126,896
Expenses:				
Program services:				
Preschool childcare	807,151	-	-	807,151
School age childcare	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	1,408,057	-	-	1,408,057
Supporting services:				
Management and general	296,945	-	-	296,945
Fundraising	25,920	-	-	25,920
Total supporting services	322,865	-	-	322,865
Total expenses	1,730,922	-	-	1,730,922
Change in net assets	287,541	72,403	36,030	395,974
Net assets, beginning of year	3,864,663	567,199	545,519	4,977,381
Net assets, end of year	\$ 4,152,204	\$ 639,602	\$ 581,549	\$ 5,373,355

See accompanying notes.

ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2007

	Program Expenses						Support Expenses		Total Support Expenses	Total Expenses	
	Preschool Childcare	School Age Childcare	Senior Services	Community	Volunteers	Family Resource Center	Total Program Services	Management and General			Fund- raising
	\$ 469,711	\$ 20,271	\$ 59,286	\$ 151,668	\$ 21,396	\$ 34,545	\$ 756,877	\$ 145,775	\$ -	\$ 145,775	\$ 902,652
	107,468	4,640	10,604	34,511	4,488	7,177	168,888	34,133	-	34,133	203,021
Salaries and wages											
Benefits											
Equipment and maintenance	42,964	27,799	5,093	10,939	1,300	1,610	89,705	8,204	-	8,204	97,909
Food	42,396	6,972	21,989	13,850	538	254	85,999	254	8,818	9,072	95,071
Utilities	30,619	20,412	3,402	6,803	681	681	62,598	5,444	-	5,444	68,042
Program supplies	14,680	-	544	37,107	29	144	52,504	612	3,645	4,257	56,761
Insurance	17,526	7,890	2,059	4,229	479	590	32,773	3,941	-	3,941	36,714
Interest charges	-	-	-	-	-	-	-	31,603	-	31,603	31,603
Contract labor	22,304	199	503	177	-	56	23,239	-	-	-	23,239
Office supplies	7,683	4,022	1,805	1,893	624	574	16,601	3,565	-	3,565	20,166
Professional	2,555	473	419	537	123	97	4,204	15,711	-	15,711	19,915
Printing	-	-	-	80	-	2,000	2,080	9,897	1,715	11,612	13,692
Telephone	5,751	3,834	639	1,278	128	128	11,758	1,023	-	1,023	12,781
Miscellaneous	884	201	228	1,350	37	37	2,737	5,952	23	5,975	8,712
Conference and meetings	2,526	-	184	385	196	144	3,435	1,959	-	1,959	5,394
Postage and shipping	19	-	8	344	212	102	685	2,963	144	3,107	3,792
Gifts in kind	-	-	-	-	-	-	-	2,589	-	2,589	2,589
Transportation	-	-	1,799	-	-	-	-	152	-	152	1,951
Bad debts expense	48	8	24	-	-	-	80	1,030	-	1,030	1,030
Licenses, fees, permits	767,134	96,721	108,586	265,151	30,231	48,139	1,315,962	445	-	445	525
	81,099	54,064	9,011	18,019	1,804	1,804	165,801	275,252	14,345	289,597	1,605,559
Depreciation	\$ 848,233	\$ 150,785	\$ 117,597	\$ 283,170	\$ 32,035	\$ 49,943	\$ 1,481,763	14,418	-	14,418	180,219
								\$ 289,670	\$ 14,345	\$ 304,015	\$ 1,785,778

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.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$ (3,797)	\$ 395,974
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
In-kind donation of fixed assets	(28,600)	-
Depreciation	180,219	170,946
Provision for doubtful and discounted pledges	(3,113)	(6,590)
Realized/unrealized gain on investments	(35,104)	(43,754)
Loss on disposal of land, buildings and equipment	167	-
Changes in operating assets and liabilities:		
Contributions receivable	285,775	(2,182)
Accounts receivable	44,083	(44,083)
Accounts payable and accrued expenses	34,839	(93,517)
Net cash provided by operating activities	<u>474,469</u>	<u>376,794</u>
Cash flows from investing activities:		
Land, buildings and equipment purchases	(167,335)	-
Purchases of investments	(42,669)	(46,803)
Proceeds from sales of investments	42,019	38,870
Net cash used in investing activities	<u>(167,985)</u>	<u>(7,933)</u>
Cash flows from financing activities:		
Payments on note payable	(296,508)	(417,922)
Net cash used in financing activities	<u>(296,508)</u>	<u>(417,922)</u>
Net increase (decrease) in cash and cash equivalents	9,976	(49,061)
Cash and cash equivalents at beginning of year	605,292	654,353
Cash and cash equivalents at end of year	<u>\$ 615,268</u>	<u>\$ 605,292</u>
Supplemental information:		
In-kind donation of fixed assets	<u>\$ 28,600</u>	<u>\$ -</u>

See accompanying notes.

ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006

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, 2007 and 2006

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, Buildings and Equipment

Land, buildings 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, 2007 and 2006

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 6,800 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>2007</u>	<u>2006</u>
Receipts expected within one year	\$ 184,858	\$ 414,633
Receipts expected in one to five years	<u>20,000</u>	<u>76,000</u>
	204,858	490,633
Less allowance for estimated uncollectible amounts	(3,000)	(3,000)
Less discounts to present value (for amounts extending beyond one year)	<u>(769)</u>	<u>(3,882)</u>
Net contributions receivable	201,089	483,751
Less current portion	<u>(184,858)</u>	<u>(414,633)</u>
Total long-term portion	<u>\$ 16,231</u>	<u>\$ 69,118</u>

ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.  
NOTES TO FINANCIAL STATEMENTS (Continued)  
December 31, 2007 and 2006

**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>2007</u>	<u>2006</u>
Board Designated Fund (includes some permanently restricted net assets in addition to board designations)	\$ 298,924	\$ 287,443
In Perpetuity Fund	<u>644,793</u>	<u>620,518</u>
	<u>\$ 943,717</u>	<u>\$ 907,961</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>2007</u>	<u>2006</u>
Interest	\$ 28,583	\$ 38,658
Unrealized gain	<u>35,755</u>	<u>43,754</u>
	<u>\$ 64,338</u>	<u>\$ 82,412</u>

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

Land, buildings and equipment consist of the following:

	<u>2007</u>	<u>2006</u>
Land	\$ 213,746	\$ 127,370
Buildings and improvements	4,418,768	4,404,779
Equipment and furniture	<u>418,085</u>	<u>331,011</u>
	5,050,599	4,863,160
Accumulated depreciation	<u>(914,388)</u>	<u>(742,496)</u>
	<u>\$ 4,136,211</u>	<u>\$ 4,120,664</u>

**NOTE 5 – LINE OF CREDIT**

During 2007, the Organization entered into a line of credit agreement with a bank with the interest rate equal to the Wall Street Journal Prime Rate. The agreement provides for short-term borrowings of up to \$150,000 with interest payable monthly on outstanding principal balances. Outstanding balances under the line of credit totaled \$0 at December 31, 2007.

**ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
December 31, 2007 and 2006

**NOTE 6 – 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, 2007 and 2006 totaled \$478,686 and \$775,194, respectively. The note is secured by capital campaign contributions and receivables.

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, 2007.

Anticipated maturities of the note payable are as follows:

2007	\$ 123,508
2008	123,508
2009	123,508
2010	108,162
2011	-
Thereafter	<u>-</u>
	<u>\$ 478,686</u>

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following:

	<u>2007</u>	<u>2006</u>
Capital campaign	\$ 84,926	\$ 154,263
Unconditional promises to give due in future periods	110,903	335,339
Program services	<u>138,800</u>	<u>150,000</u>
	<u>\$ 334,629</u>	<u>\$ 639,602</u>

**NOTE 8 – CONTRIBUTIONS – THRIFT SHOP AND ASSOCIATED ORGANIZATIONS**

The Organization receives support from income generated by a local thrift shop. Such contributions totaled \$125,125 for each of the years ended December 31, 2007 and 2006. In addition, the Organization receives contributions from churches and other organizations associated with the Episcopal Church. Contributions from these Organizations totaled \$137,563 and \$132,700 for the years ended December 31, 2007 and 2006, respectively.

ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.  
NOTES TO FINANCIAL STATEMENTS (Continued)  
December 31, 2007 and 2006

**NOTE 9 – 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 was required to pay to participants and totaled \$126,527. Amounts due to the Organization relating to the pension plan approximated \$44,000 at December 31, 2006. The Organization is in the process of resolving final administration requirements relating to the plan including determination as to whether the plan qualifies as a church plan which limits certain of these administrative requirements.

**NOTE 10 – CONCENTRATIONS**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. Cash at December 31, 2007 and 2006 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 11 – BENEFIT PLAN**

Effective February 2001, the Organization established a 401(k) Retirement Savings 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 \$33,983 and \$35,806 for the years ended December 31, 2007 and 2006, respectively.