

CENTER FOR YOUTH ISSUES - NASHVILLE, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2005 AND 2004

CENTER FOR YOUTH ISSUES - NASHVILLE, INC.

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**PURYEAR, HAMILTON,
HAUSMAN & WOOD, PLC**
CERTIFIED PUBLIC ACCOUNTANTS

July 28, 2005

Independent Auditors' Report

To the Board of Directors
Center for Youth Issues - Nashville, Inc.
Nashville, Tennessee

We have audited the accompanying statements of financial position of Center for Youth Issues - Nashville, Inc. (the Organization), a nonprofit organization, as of June 30, 2005 and 2004, and the related statements of activities and changes in net assets, 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 Center for Youth Issues - Nashville, Inc. as of June 30, 2005 and 2004, and the results of its activities and changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Puryear, Hamilton, Hausman & Wood, P.C.

Nashville, Tennessee

CENTER FOR YOUTH ISSUES - NASHVILLE, INC.

Statements of Financial Position

June 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 143,010	\$ 215,931	\$ -	\$ 358,941
Investments	549,728	-	-	549,728
Trade receivables	29,577	-	-	29,577
Unconditional promises to give	13,958	459,547	-	473,505
Grants receivable	199,139	-	-	199,139
Prepaid expenses	<u>11,262</u>	<u>-</u>	<u>-</u>	<u>11,262</u>
Total current assets	946,674	675,478	-	1,622,152
Property and equipment, net of accumulated depreciation of \$72,933	52,005	-	-	52,005
Investments	<u>-</u>	<u>-</u>	<u>167,150</u>	<u>167,150</u>
Total assets	<u>\$ 998,679</u>	<u>\$ 675,478</u>	<u>\$ 167,150</u>	<u>\$1,841,307</u>

Liabilities and Net Assets

Current liabilities:				
Accounts payable	\$ 24,099	\$ -	\$ -	\$ 24,099
Accrued wages and benefits	178,663	-	-	178,663
Current portion of capitalized lease	<u>6,149</u>	<u>-</u>	<u>-</u>	<u>6,149</u>
Total current liabilities	208,911	-	-	208,911
Long-term portion of capitalized lease	<u>7,429</u>	<u>-</u>	<u>-</u>	<u>7,429</u>
Total liabilities	216,340	-	-	216,340
Net assets	<u>782,339</u>	<u>675,478</u>	<u>167,150</u>	<u>1,624,967</u>
Total liabilities and net assets	<u>\$ 998,679</u>	<u>\$ 675,478</u>	<u>\$ 167,150</u>	<u>\$1,841,307</u>

See independent auditors' report and accompanying notes to financial statements.

CENTER FOR YOUTH ISSUES - NASHVILLE, INC.

Statements of Financial Position (Continued)

June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 186,762	\$ 156,281	\$ -	\$ 343,043
Investments	496,401	-	-	496,401
Trade receivables	23,229	-	-	23,229
Unconditional promises to give	11,993	436,412	-	448,405
Grants receivable	140,595	-	-	140,595
Prepaid expenses	<u>14,135</u>	<u>-</u>	<u>-</u>	<u>14,135</u>
Total current assets	873,115	592,693	-	1,465,808
Property and equipment, net of accumulated depreciation of \$55,845	51,822	-	-	51,822
Investments	<u>-</u>	<u>-</u>	<u>167,150</u>	<u>167,150</u>
Total assets	<u>\$ 924,937</u>	<u>\$ 592,693</u>	<u>\$ 167,150</u>	<u>\$1,684,780</u>

Liabilities and Net Assets

Current liabilities:				
Accounts payable	\$ 26,244	\$ -	\$ -	\$ 26,244
Accrued wages and benefits	171,645	-	-	171,645
Current portion of capitalized lease	<u>4,607</u>	<u>-</u>	<u>-</u>	<u>4,607</u>
Total current liabilities	202,496	-	-	202,496
Long-term portion of capitalized lease	<u>13,579</u>	<u>-</u>	<u>-</u>	<u>13,579</u>
Total liabilities	216,075	-	-	216,075
Net assets	<u>708,862</u>	<u>592,693</u>	<u>167,150</u>	<u>1,468,705</u>
Total liabilities and net assets	<u>\$ 924,937</u>	<u>\$ 592,693</u>	<u>\$ 167,150</u>	<u>\$1,684,780</u>

See independent auditors' report and accompanying notes to financial statements.

CENTER FOR YOUTH ISSUES - NASHVILLE, INC.

Statements of Activities and Changes in Net Assets

For the Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Unrestricted net assets:		
Support and revenue:		
School contract fees	\$ 999,096	\$ 717,932
Contributions	286,631	364,620
Program service fees and funding	165,531	147,797
Grants	314,981	256,424
Special events	106,835	50,431
Interest and dividends	25,021	15,400
Leadership retreat	5,713	4,463
Net unrealized and realized gains (losses) on investments	25,591	62,028
Miscellaneous	332	302
Total unrestricted support and revenue	<u>1,929,731</u>	<u>1,619,397</u>
Net assets released from restrictions:		
Expiration of time restrictions	510,708	511,744
Satisfaction of program restrictions	<u>63,985</u>	<u>46,865</u>
Total net assets released from restrictions	<u>574,693</u>	<u>558,609</u>
Total unrestricted support, revenue, and other support	<u>2,504,424</u>	<u>2,178,006</u>
Expenses:		
Program services	1,963,782	1,670,236
Fundraising	199,657	138,176
Management and general	<u>267,508</u>	<u>260,605</u>
Total expenses	<u>2,430,947</u>	<u>2,069,017</u>
Increase (decrease) in unrestricted net assets	<u>73,477</u>	<u>108,989</u>
Temporarily restricted net assets:		
United Way Services	285,191	317,788
Contributions	297,498	265,905
Program service fees and funding	74,789	-
Net assets released from restrictions	<u>(574,693)</u>	<u>(558,609)</u>
Increase (decrease) in temporarily restricted net assets	<u>82,785</u>	<u>25,084</u>
Increase (decrease) in net assets	156,262	134,073
Net assets at beginning of year	<u>1,468,705</u>	<u>1,334,632</u>
Net assets at end of year	<u>\$1,624,967</u>	<u>\$1,468,705</u>

See independent auditors' report and accompanying notes to financial statements.

CENTER FOR YOUTH ISSUES - NASHVILLE, INC.

Statements of Functional Expenses

For the Year Ended June 30, 2005

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Personnel expense	\$1,685,771	\$ 110,974	\$ 153,112	\$1,949,857
Professional fees	60,607	1,192	16,955	78,754
Audit expense	-	-	9,654	9,654
Supplies	2,532	1,193	8,964	12,689
Telephone	5,570	608	9,420	15,598
Postage	2,845	2,500	1,479	6,824
Occupancy	29,041	4,751	24,877	58,669
Printing and publications	31,236	27,194	(3,978)	54,452
Travel, meetings, and conferences	89,108	3,057	2,347	94,512
Insurance	-	-	7,352	7,352
Specific assistance	50,610	65	-	50,675
Membership dues and awards	246	178	3,044	3,468
Interest expense	-	-	4,729	4,729
Special events	-	46,011	-	46,011
National dues	-	-	6,125	6,125
Investment fees	-	-	6,782	6,782
Miscellaneous expense	<u>5,102</u>	<u>117</u>	<u>2,489</u>	<u>7,708</u>
 Total expense before depreciation	 1,962,668	 197,840	 253,351	 2,413,859
 Depreciation of property and equipment	 <u>1,114</u>	 <u>1,817</u>	 <u>14,157</u>	 <u>17,088</u>
 Total expense	 <u>\$1,963,782</u>	 <u>\$ 199,657</u>	 <u>\$ 267,508</u>	 <u>\$2,430,947</u>
 Percent of total expense	 <u>81%</u>	 <u>8%</u>	 <u>11%</u>	 <u>100%</u>

See independent auditors' report and accompanying notes to financial statements.

CENTER FOR YOUTH ISSUES - NASHVILLE, INC.

Statements of Functional Expenses (Continued)

For the Year Ended June 30, 2004

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Personnel expense	\$1,417,236	\$ 97,267	\$ 150,103	\$1,664,606
Professional fees	68,647	1,669	14,987	85,303
Audit expense	-	-	8,243	8,243
Supplies	12,372	1,866	2,584	16,822
Telephone	2,640	559	9,250	12,449
Postage	2,347	1,942	4,218	8,507
Occupancy	23,712	3,209	23,291	50,212
Printing and publications	16,061	9,850	2,109	28,020
Travel, meetings, and conferences	69,082	2,979	4,523	76,584
Insurance	-	-	6,720	6,720
Specific assistance	56,590	-	-	56,590
Membership dues and awards	1,106	331	3,207	4,644
Interest expense	-	-	5,884	5,884
Special events	-	18,454	-	18,454
National dues	-	-	6,500	6,500
Investment fees	-	-	5,891	5,891
Miscellaneous expense	<u>443</u>	<u>50</u>	<u>2,289</u>	<u>2,782</u>
 Total expense before depreciation	1,670,236	138,176	249,799	2,058,211
 Depreciation of property and equipment	<u>-</u>	<u>-</u>	<u>10,806</u>	<u>10,806</u>
 Total expense	<u>\$1,670,236</u>	<u>\$ 138,176</u>	<u>\$ 260,605</u>	<u>\$2,069,017</u>
 Percent of total expense	<u>81%</u>	<u>7%</u>	<u>12%</u>	<u>100%</u>

See independent auditors' report and accompanying notes to financial statements.

CENTER FOR YOUTH ISSUES - NASHVILLE, INC.

Statements of Cash Flows

For the Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Operating activities:		
Increase (decrease) in net assets	\$156,262	\$134,073
Adjustment to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities:		
Depreciation	17,088	10,806
Net unrealized gains on investments	(21,578)	(51,389)
Changes in operating assets and liabilities:		
(Increase) decrease in unconditional promises to give - Unrestricted	(1,965)	(5,689)
(Increase) decrease in unconditional promises to give - Restricted	(23,135)	(111,325)
(Increase) decrease in trade receivables	(6,348)	1,232
(Increase) decrease in grants receivable	(58,544)	(35,980)
(Increase) decrease in prepaid expenses	2,873	94
Increase (decrease) in accounts payable	(2,145)	12,342
Increase (decrease) in accrued wages and benefits	<u>7,018</u>	<u>27,004</u>
Net cash provided by (used for) operating activities	<u>69,526</u>	<u>(18,832)</u>
Investing activities:		
Purchase of property and equipment	(17,271)	(39,676)
(Purchases) sales of investments, net	<u>(31,749)</u>	<u>(4,477)</u>
Net cash provided by (used for) investing activities	<u>(49,020)</u>	<u>(44,153)</u>
Financing activities:		
Repayment of capitalized leases	<u>(4,608)</u>	<u>(3,452)</u>
Net cash provided by (used for) financing activities	<u>(4,608)</u>	<u>(3,452)</u>
Increase (decrease) in cash and cash equivalents	15,898	(66,437)
Cash and cash equivalents at beginning of year	<u>343,043</u>	<u>409,480</u>
Cash and cash equivalents at end of year	<u>\$358,941</u>	<u>\$343,043</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 6,800</u>	<u>\$ 5,884</u>

See independent auditors' report and accompanying notes to financial statements.

CENTER FOR YOUTH ISSUES - NASHVILLE, INC.

Notes to Financial Statements

June 30, 2005 and 2004

(1) Summary of Significant Accounting Policies

(a) Organization

Center for Youth Issues - Nashville, Inc. (the Organization) was established in 1985 as a nonprofit organization to help students make healthy lifestyle choices and refrain from the use of alcohol, other drugs, and violence in Davidson County and in surrounding counties in Tennessee.

(b) Accrual Basis

The financial statements of the Organization are prepared using the accrual basis of accounting, under which revenues are recognized when earned rather than when collected and expenses are recognized when incurred rather than when disbursed.

Certain amounts in the 2004 financial statements have been reclassified to conform to the 2005 presentation.

(c) Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations* (SFAS No. 117). 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, temporarily restricted, and permanently restricted. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by 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 subject to donor-imposed restrictions that they 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 any related investments for general or specific purposes.

(d) Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

(e) Doubtful Accounts Receivable and Promises to Give

An allowance for doubtful accounts is established through a provision for receivable losses charged to expense. Management's estimate of doubtful accounts is based on historical collection experience and a review of the current status of accounts receivable and promises to give. There is no allowance for doubtful accounts at June 30, 2005 and 2004. It is reasonably possible that management's estimate of the allowance for doubtful accounts could change. Receivables and promises to give are charged against the allowance when management believes the collectibility of the receivable is unlikely. For the years ended June 30, 2005 and 2004, no bad debt expense was recognized. Accounts receivable are considered delinquent after ninety days. Late fees and interest are not assessed on delinquent accounts. It is not the policy of the Organization to place a vendor on non-accrual status. At June 30, 2005 and 2004, \$0 and \$606, respectively, of accounts receivable are greater than ninety days old and no promises to give are greater than ninety days old.

(f) Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. Such temporarily restricted revenues totaled \$657,478 and \$588,693 during the years ended June 30, 2005 and 2004, respectively, and are included in temporarily restricted revenues for those years. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. There was no permanently restricted revenue for the years ended June 30, 2005 and 2004.

(g) Use of Estimates

Management of the Organization has made a number of estimates and assumptions relating to the reporting of assets and liabilities and disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates.

(h) Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(i) Income Taxes

The Organization has obtained a determination letter from the Internal Revenue Service effective July 1, 2000, which qualifies the Organization as a tax-exempt organization under Internal Revenue Code Section 501(c)(3) and, accordingly, is exempt from federal or state income taxes. The Organization is not classified as a private foundation.

(j) Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid instruments with maturities of three months or less to be cash equivalents.

(k) Investments

Investments consist of mutual funds and are carried at their fair value.

(l) Donated Services and Supplies

Certain contributed supplies and specialized services are recorded as support and expenses at fair market value when determinable, otherwise at values indicated by the donor. Volunteer services, which neither create nor enhance non-financial assets or do not require specialized skills, are not recognized as support.

(2) Property and Equipment

Property and equipment are carried at cost or, if donated, at fair market value at the date of gift. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, which range from two to seven years. At June 30, 2005 and 2004, property and equipment are recorded as follows:

	<u>2005</u>	<u>2004</u>
Property and equipment	\$124,938	\$107,667
Less - Accumulated depreciation	<u>(72,933)</u>	<u>(55,845)</u>
	<u>\$ 52,005</u>	<u>\$ 51,822</u>

Depreciation expense totaled \$17,088 and \$10,806 for the years ended June 30, 2005 and 2004, respectively. The Organization capitalizes items that are greater than or equal to \$500 and expenses items under \$500.

(3) Leases

The Organization leases office space. The current office space is leased under a five-year operating lease, effective February 1, 2004 through March 31, 2009. Lease expense for the years ended June 30, 2005 and 2004 totaled \$58,669 and \$50,212, respectively.

Minimum future payments at June 30 under the lease are as follows:

2006	\$ 61,827
2007	63,678
2008	65,589
2009	<u>50,292</u>
	<u>\$241,386</u>

The Organization capitalized the present value of an office equipment lease in the amount of \$24,224 and related accumulated depreciation of \$14,535.

Minimum future payments at June 30 under the lease are as follows:

2006	\$ 9,336
2007	<u>8,558</u>
Minimum payments	17,894
Imputed interest	<u>(4,316)</u>
	13,578
Less - Current portion	<u>(6,149)</u>
Total	<u>\$ 7,429</u>

(4) Unconditional Promises to Give

Unconditional promises to give - unrestricted represents pledges for donations relating to the years ended June 30, 2005 and 2004 totaling \$13,958 and \$11,993, respectively, which are not funded until the subsequent year. Unconditional promises to give - restricted, which are not funded until a subsequent year and are temporarily restricted for use during a subsequent year, represent pledges for donations or grants as follows:

	<u>2005</u>	<u>2004</u>
United Way Services	\$284,197	\$355,412
Corporations and foundations	129,350	81,000
Davidson County Board of Education	40,000	-
Individuals	<u>6,000</u>	<u>-</u>
	<u>\$459,547</u>	<u>\$436,412</u>
Amounts due in:		
Less than one year	<u>\$473,505</u>	<u>\$448,405</u>

(5) Pension Plan

The Organization sponsored a 403(b)(7) pension plan covering all full-time salaried employees. The Organization deposited an amount equal to 5% of the participant's annual income into an individual tax shelter annuity established for the employee in the employee's name. This plan was frozen as of August 31, 2002. On September 1, 2002, the Organization adopted a 401(k) profit sharing plan, which covers employees who have completed 500 hours of service within six months (not exceeding twelve) of their commencement date and vest immediately. The Organization makes nonelective safe-harbor contributions to each eligible participant in the amount of 3% of the employee's compensation for the plan year, as well as a 2% match. Total expenses for the 401(k) profit sharing plan for the years ended June 30, 2005 and 2004 were \$54,816 and \$57,568, respectively, and are included in the Statement of Functional Expenses in personnel expense. At June 30, 2005 and 2004, \$4,980 and \$4,637, respectively, were unfunded and therefore included in accrued wages and benefits.

(6) Temporarily Restricted Net Assets

The temporarily restricted net assets are available for the following purposes or periods:

	<u>2005</u>	<u>2004</u>
For use in the year ended June 30, 2006	\$541,876	\$ -
For use in the year ended June 30, 2005	-	510,707
Specific programs	<u>133,602</u>	<u>81,986</u>
	<u>\$675,478</u>	<u>\$592,693</u>

(7) Permanently Restricted Net Assets

Net assets, in the amount of \$167,150 at June 30, 2005 and 2004, are permanently restricted for an endowment fund. The interest is unrestricted.

(8) Investments

Investments are stated at fair value and are summarized at June 30 as follows:

	<u>2005</u>			<u>2004</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Mutual funds - Equity	\$113,541	\$142,201	\$142,201	\$119,397	\$153,219	\$153,219
Mutual funds - Fixed Income	88,164	87,629	87,629	140,332	137,417	137,417
Mutual funds - Other	<u>436,252</u>	<u>487,048</u>	<u>487,048</u>	<u>346,479</u>	<u>372,915</u>	<u>372,915</u>
	<u>\$637,957</u>	<u>\$716,878</u>	<u>\$716,878</u>	<u>\$606,208</u>	<u>\$663,551</u>	<u>\$663,551</u>

The amounts invested, market value, and yields for each year at June 30 are summarized as follows:

	<u>2005</u>	<u>2004</u>
Market value	\$716,878	\$663,551
Carrying value - Cost	<u>(637,957)</u>	<u>(606,208)</u>
Unrealized gain	<u>\$ 78,921</u>	<u>\$ 57,343</u>
Investment income	\$ 25,021	\$ 15,400
Net realized gain on sale of investment	4,013	10,639
Trust fees	<u>(6,782)</u>	<u>(5,891)</u>
Realized net investment income	<u>\$ 22,252</u>	<u>\$ 20,148</u>

(9) Related Party Transactions

The Organization paid annual dues of \$6,125 and \$6,500, respectively, for the years ended June 30, 2005 and 2004 to Center for Youth Issues, Inc. (National), which is the Organization's national affiliate.

During the year ended June 30, 2005, the Organization provided services to National totaling \$27,456, of which \$12,196 is included in trade receivables - unrestricted.

(10) Compensated Absences

Employees of the Organization are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. Vacation and personal days not taken by the end of the Organization's fiscal year are forfeited. It is impracticable for the Organization to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

(11) Donated Services and Equipment

The Organization receives donated services from several unpaid volunteers assisting the Organization in various activities. No amounts have been recognized in the accompanying Statement of Activities because the criteria for recognition of such volunteer effort under Statement of Financial Accounting Standards No. 116 have not been satisfied.

(12) Concentrations of Credit Risk

A significant portion of the Organization's revenue is derived from individuals, organizations, corporations, schools, and foundations in middle Tennessee. The following organizations contributed more than 10% of total unrestricted support, revenue, and other support:

	<u>2005</u>	<u>2004</u>
Williamson County Board of Education	13%	14%
Williamson County United Way	9%	11%

(13) Board Designated Restrictions

The Board has designated \$230,234 and \$217,405 of investments for the Endowment Fund, which is included in unrestricted net assets at June 30, 2005 and 2004, respectively.

(14) Section 125 Plan

Effective February 1, 2004, the Organization adopted a Section 125 Plan (the Plan). The Plan is a cafeteria plan under Section 125 of the Internal Revenue Code, allowing a choice between cash and certain qualified benefits. Benefits are entirely funded through employee pre-tax deductions and employer contributions used to purchase elected benefits. Benefit options under the Plan consist of medical and dental insurance, which are provided through insurance policies for employees who work at least thirty hours a week, and a flexible spending account.

(15) Risk on Uninsured Cash

At times, the Organization maintains cash balances in excess of the Federal Deposit Insurance Corporation's insured maximum amount of \$100,000. There is a risk of loss in the event of bank failure.