SADDLE UP!

FINANCIAL STATEMENTS

December 31, 2009 and 2008

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Saddle Up!
Franklin, Tennessee

We have audited the accompanying statements of financial position of Saddle Up! (a non-profit organization) as of December 31, 2009 and 2008, 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 Saddle Up! as of December 31, 2009 and 2008, 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.

May 11, 2010

SADDLE UP!
STATEMENTS OF FINANCIAL POSITION
December 31, 2009 and 2008

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	$ 1,055,084	$ 984,269
Pledges receivable	14,798	12,298
Accounts receivable - other	7,860	-
Total current assets	1,077,742	996,567
Investments	1,906,984	1,552,811
Property and equipment, net of accumulated depreciation of $704,799 and $637,388	2,882,305	3,109,595
Total assets	$ 5,867,031	$ 5,658,973
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 7,865	$ 4,105
Accrued expenses and deferred revenue	5,271	13,108
Total current liabilities	13,136	17,213
Net assets:		
Unrestricted:		
Undesignated	2,063,033	2,368,018
Designated	2,587,917	2,072,062
Temporarily restricted	1,087,945	1,111,680
Permanently restricted	115,000	90,000
Total net assets	5,853,895	5,641,760
Total liabilities and net assets	$ 5,867,031	$ 5,658,973

See accompanying notes

SADDLE UP!
STATEMENT OF ACTIVITIES
Year ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and gains:				
Contributions and grants, including in-kind contributions of $17,720	$ 330,834	$ 85,229	$ 25,000	$ 441,063
Special events	180,364	-	-	180,364
Lesson fees	68,645	-	-	68,645
Interest	55,934	-	-	55,934
Donated services	6,408	-	-	6,408
Other income	41,992	-	-	41,992
Loss on disposal of property and equipment	(136,243)	-	-	(136,243)
Realized and unrealized gains on investment	299,117	-	-	299,117
Total revenues	847,051	85,229	25,000	957,280
Net assets released from restrictions:				
Satisfaction of program restrictions	108,964	(108,964)	-	-
Total revenues and gains	956,015	(23,735)	25,000	957,280
Expenses:				
Program services	553,951	-	-	553,951
Management and general	80,869	-	-	80,869
Fundraising	110,325	-	-	110,325
Total expenses	745,145	-	-	745,145
Increase (decrease) in net assets	210,870	(23,735)	25,000	212,135
Net assets at beginning of year	4,440,080	1,111,680	90,000	5,641,760
Net assets at end of year	$ 4,650,950	$ 1,087,945	$ 115,000	$ 5,853,895

See accompanying notes.

SADDLE UP!
STATEMENT OF ACTIVITIES
Year ended December 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and gains:				
Contributions and grants, including in-kind contributions of $34,176	$ 410,452	$ 116,103	$ 35,000	$ 561,555
Special events	214,088	-	-	214,088
Lesson fees	70,158	-	-	70,158
Interest	68,850	-	-	68,850
Donated services	8,027	-	-	8,027
Other income	34,386	-	-	34,386
Loss on disposal of property and equipment	(1,709)	-	-	(1,709)
Realized and unrealized losses on investment	(500,790)	-	-	(500,790)
Total revenues	303,462	116,103	35,000	454,565
Net assets released from restrictions:				
Satisfaction of program restrictions	115,893	(115,893)	-	-
Total revenues and gains	419,355	210	35,000	454,565
Expenses:				
Program services	537,510	-	-	537,510
Management and general	107,917	-	-	107,917
Fundraising	132,199	-	-	132,199
Total expenses	777,626	-	-	777,626
Increase (decrease) in net assets	(358,271)	210	35,000	(323,061)
Net assets at beginning of year	4,798,351	1,111,470	55,000	5,964,821
Net assets at end of year	$ 4,440,080	$ 1,111,680	$ 90,000	$ 5,641,760

See accompanying notes.

SADDLE UP!
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2009

	Horseback Riding Program	Supporting Services			Total All Expenses
		Management and General	Fund Raising	Total Supporting	
Salaries and taxes	$ 273,881	$ 50,519	$ 52,191	$ 102,710	$ 376,591
Depreciation	93,754	10,417	-	10,417	104,171
Horse, lessons and camps	50,856	-	-	-	50,856
Fundraisers	-	-	46,445	46,445	46,445
Insurance, taxes and licensing	40,886	310	-	310	41,196
Repairs/maintenance and vehicles	29,288	-	-	-	29,288
Utilities	24,038	-	-	-	24,038
Promotional expense	7,067	-	9,092	9,092	16,159
Grant expenses	13,453	-	-	-	13,453
Professional fees	1,660	11,462	-	11,462	13,122
Conferences and seminars	11,459	992	-	992	12,451
Miscellaneous	4,783	4,648	869	5,517	10,300
Office supplies	2,826	2,521	1,728	4,249	7,075
	$ 553,951	$ 80,869	$ 110,325	$ 191,194	$ 745,145

See accompanying notes.

SADDLE UP!
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2008

	Horseback Riding Program	Supporting Services			Total All Expenses
		Management and General	Fund Raising	Total Supporting	
Salaries and taxes	$ 254,578	$ 66,153	$ 61,742	$ 127,895	$ 382,473
Depreciation	94,895	10,544	-	10,544	105,439
Fundraisers	-	-	61,425	61,425	61,425
Insurance, taxes and licensing	51,154	296	-	296	51,450
Horse, lessons and camps	42,450	-	-	-	42,450
Repairs/maintenance and vehicles	33,559	-	-	-	33,559
Utilities	27,691	-	-	-	27,691
Grant expenses	14,381	4,254	-	4,254	18,635
Promotional expense	6,351	577	6,690	7,267	13,618
Professional fees	1,660	11,410	-	11,410	13,070
Miscellaneous	1,696	8,041	1,037	9,078	10,774
Conferences and seminars	5,850	3,024	100	3,124	8,974
Office supplies	3,245	3,618	1,205	4,823	8,068
	$ 537,510	$ 107,917	$ 132,199	$ 240,116	$ 777,626

See accompanying notes.

SADDLE UP!
STATEMENTS OF CASH FLOWS
Years ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Increase (decrease) in net assets	$ 212,135	$ (323,061)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	104,171	105,439
Donated property and equipment	(3,400)	(13,399)
Contributions to permanently restricted net assets	(25,000)	(35,000)
Loss on disposal of property and equipment	136,243	1,708
Realized and unrealized (gains) losses on investments	(299,117)	500,790
Changes in operating assets and liabilities:		
Accounts receivable	(7,860)	-
Pledges receivable - capital campaign	(2,500)	(10,000)
Accounts payable, accrued expenses and deferred revenue	(4,077)	5,150
Net cash provided by operating activities	110,595	231,627
Cash flows from investing activities:		
Proceeds from sale of investments	-	1,015,775
Purchase of investments	(55,056)	(850,000)
Contributions to permanently restricted net assets	25,000	35,000
Purchase of property and equipment	(9,724)	(24,786)
Net cash (used in) provided by investing activities	(39,780)	175,989
Increase in cash and cash equivalents	70,815	407,616
Cash and cash equivalents at beginning of year	984,269	576,653
Cash and cash equivalents at end of year	$ 1,055,084	$ 984,269
Supplemental disclosure:		
Noncash investing activities:		
Donation of property and equipment	$ 3,400	$ 13,399

See accompanying notes.

SADDLE UP!
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Saddle Up! (the "Organization") is organized as a Tennessee not-for-profit corporation. Saddle Up! serves to provide therapeutic horseback riding opportunities for children who are physically and/or mentally challenged.

The Organization's significant accounting policies are as follows:

Accounting Standards Codification

The Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") became the sole authoritative source of accounting principles generally accepted in the United States of America for periods ending after September 15, 2009. The FASB ASC incorporates all authoritative literature previously issued by a standard setter. Adoption of the FASB ASC had no effect on the Organization's statements of financial position, activities, or cash flows.

Financial Statement Presentation

In accordance with FASB ASC guidelines, 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. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

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 they be maintained permanently by the Organization. Generally, donors of these assets may permit the Organization to use all or part of the income earned for general or specific purposes.

Contributions

In accordance with FASB ASC guidelines, contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Property and Depreciation

Property and equipment are recorded at cost. Expenditures for ordinary maintenance and repairs are charged to operations. Assets purchased, or donated, with a value over $500 are capitalized. Renewals and betterments that materially extend the life of the asset are capitalized. Depreciation is provided in amounts necessary to allocate the cost of the various classes of assets over their estimated useful lives using the straight-line method. Estimated useful lives of all classes of assets are as follows:

Buildings	40 years
Equipment and improvements	3 - 15 years
Arena	40 years
Horses	3 - 7 years

Income Taxes

The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and has been classified as other than a private foundation. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

On January 1, 2009, the Organization adopted FASB ASC guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in a Organization's financial statements. This interpretation prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include years ended December 31, 2006 through December 31, 2009. Adoption of this pronouncement had no impact on the Organization's financial position or results of operations.

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

The Organization has reclassified certain investments in its 2008 financial statements from current assets to long-term assets based on the Organization's intent to hold such investments for greater than one year.

Donated Assets

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. 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 donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated materials and services meeting the criteria for recognition are reflected as contributions in the accompanying statements at their estimated values at date of receipt.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among program and supporting services based on estimates by management.

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

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Endowment Funds

The Uniform Prudent Management Institutional Funds Act ("UPMIFA") was enacted in Tennessee effective July 1, 2007. The FASB ASC provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of UPMIFA. It also requires disclosure of a description of the governing board's interpretation of the law that underlies the Organization's net asset classification of donor-restricted endowment funds, a description of the Organization's policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of the Organization's endowment investment policies, and additional disclosures not previously required.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31:

	2009	2008
Fifth Third Bank checking	$ -	$ 441,889
Fifth Third Bank checking – development account	680,940	508,352
Fifth Third Bank checking – capital improvement account	-	10,906
Fifth Third Bank checking – special events account	11,355	23,122
Avenue Bank – operating account	222,069	-
Avenue Bank – money market	140,720	-
	$ 1,055,084	$ 984,269

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31:

	2009	2008
United Way pledges	$ 12,500	$ 10,000
Capital campaign pledges	2,298	2,298
Total unconditional promises to give	14,798	12,298
Less discount to net present value	-	-
Net unconditional promises to give	$ 14,798	$ 12,298

At December 31, 2009 and 2008, all pledges receivable are believed to be fully collectible. Accordingly, no provision is made for uncollectible amounts.

SADDLE UP!
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2009 and 2008

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2009	2008
Land	$ 655,730	$ 655,730
Buildings	186,778	348,451
Equipment and improvements	385,235	376,541
Arena	2,307,562	2,307,562
Horses	51,799	58,699
	3,587,104	3,746,983
Less accumulated depreciation	(704,799)	(637,388)
	$ 2,882,305	$ 3,109,595

NOTE 5 – FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Organization has adopted the fair value measurement topic of the FASB ASC, which establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 — Inputs to the valuation methodology include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 5 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)

The asset or liability'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 need to maximize the use of observable inputs and minimize the use of unobservable inputs. A description of the valuation methodologies used for assets measured at fair value is as follows:

Mutual/Money Market Funds and Securities: Valued at the net asset value ("NAV") of shares held by the Organization at year end.

Common Trust Funds: Valued at the net asset value ("NAV") of shares held by the Organization at year end.

The common trust funds described above consist of groups of stocks, bonds, mutual funds or other investments managed by a third party and held by Diversified Trust. Participation is limited to those individuals or organizations with trust accounts with Diversified Trust.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31:

	2009		2008	
	Fair Market Value	**Quoted Prices in Active Markets for Identical Items (Level 1)**	**Fair Market Value**	**Quoted Prices in Active Markets for Identical Items (Level 1)**
Mutual/Money Market funds	$ 653,460	$ 653,460	$ -	$ -
Securities	7	7	7	7
Common trust funds	1,253,517	1,253,517	1,552,804	1,552,804
	$ 1,906,984	$ 1,906,984	$ 1,552,811	$ 1,552,811

SADDLE UP!
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2009 and 2008

NOTE 5 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)

The following schedule summarizes the investment income (loss) in the statement of activity for the year ended December 31:

	2009	2008
Interest income	$ 55,934	$ 68,850
Realized and unrealized gains (losses) on investments	299,117	(500,790)
	$ 355,051	$ (431,940)

At December 31 the diversified portfolio is allocated as follows:

	2009	2008
Cash and equivalents	0.6%	0.2%
Real estate	2.9%	6.2%
Short-term fixed income	12.6%	10.5%
Intermediate fixed income	19.1%	15.9%
Large Cap U.S. equity	23.8%	25.7%
Small/Mid Cap U.S. equity	13.6%	13.5%
International equity	27.4%	28.0%
	100.0%	100.0%

NOTE 6 – CONCENTRATIONS

The Organization receives support from various foundations, corporate and individual donors. A reduction in such amounts could have a significant effect on the Organization's activities.

The Organization received contributions of $200,000 from a major donor during 2009 and 2008.

The Organization maintains deposits in financial institutions which exceeded federally insured amounts at December 31, 2009 and 2008. In management's opinion, risk relating to these deposits is minimal based on the credit rating of its depository.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at December 31:

	2009	2008
Land	$ 655,730	$ 655,730
Buildings	186,778	348,451
Contributions for future periods or other purposes	245,437	107,499
	$ 1,087,945	$ 1,111,680

The Organization's land and building remain restricted for a term of ten years from November 2001 based on the agreement with the Organization's donor of the funds used to purchase the property.

Temporarily restricted net assets of $108,964 and $115,893 were released from restrictions during 2009 and 2008, respectively, based on satisfaction of program restrictions. Furthermore, net assets temporarily restricted for buildings as described previously were reduced by $161,673 due to the disposal of a certain building which the Organization no longer uses. As a result of this transaction, the Organization recognized a loss of approximately $130,000 relating to the undepreciated portion of the building.

NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following endowment funds at December 31:

	2009	2008
Investments to be held for production of income:		
General endowment	$ 115,000	$ 90,000

The interest earned on permanently restricted net assets is available to the Organization on an unrestricted basis.

The Organization's endowment consists of donor restricted gifts held in investment accounts. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

SADDLE UP!
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2009 and 2008

NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS (Continued)

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the UPMIFA (page 12) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment Net Asset Composition by Type of Fund as of December 31, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ -	$ -	$ 115,000	$ 115,000

Changes in Endowment Net Assets for the fiscal year ended December 31, 2009:

	Unrestricted	Temporarily Restricted	Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 90,000	$ 90,000
Contributions, net	-	-	25,000	25,000
Endowment net assets, end of year	$ -	$ -	$ 115,000	$ 115,000

Endowment Net Asset Composition by Type of Fund as of December 31, 2008:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ -	$ -	$ 90,000	$ 90,000

NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS (Continued)

Changes in Endowment Net Assets for the fiscal year ended December 31, 2008:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 55,000	$ 55,000
Contributions, net	-	-	35,000	35,000
Endowment net assets, end of year	$ -	$ -	$ 90,000	$ 90,000

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. generally accepted accounting principles, the Organization reports no deficiencies of this nature as of December 31, 2009 and 2008, respectively.

Endowment Investment Policy and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period.

NOTE 9 – DESIGNATED NET ASSETS

Net assets designated by the Board of Directors consist of the following at December 31:

	2009	2008
Capital improvement	$ -	$ 10,906
Development/endowment	2,587,917	2,061,156
	$ 2,587,917	$ 2,072,062

During 2009, the board continued efforts to expand a board designated development/endowment with a goal of $5,000,000. Presently, interest on designated net assets continues to be designated for that purpose.

NOTE 10 – STAFFING AGREEMENT AND RETIREMENT PLAN

Effective July 2006, the Organization entered into an agreement with an employee leasing company whereby substantially all of the Organization's staff are leased. Under this arrangement, the Organization reimburses payroll, related taxes and insurance costs plus a fee to the leasing company. The agreement can be terminated by either party with thirty days notice.

On January 1, 2008, the Organization began participating in the Century II Staffing, Inc. Retirement Plan pursuant to Section 401(k) of the Internal Revenue Code of 1986 (the "Code"), as amended. Under the terms of the plan, each eligible employee may contribute a percentage of wages subject to certain limitations. The Organization may match employee contributions at its discretion.

During 2009, the Organization matched employee contributions up to 3% of employee wages. Total retirement plan expense for 2009 totaled $6,917 and is included in salaries and taxes in the accompanying statement of functional expenses.

NOTE 11 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through May 11, 2010, when these financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.