SCARRITT-BENNETT CENTER

FINANCIAL STATEMENTS

Years Ended December 31, 2006 and 2005

TABLE OF CONTENTS

| | Page No. |
|---|---|
| INDEPENDENT AUDITORS' REPORT | 1 |
| FINANCIAL STATEMENTS | |
| Statements of Financial Position | 2 |
| Statements of Activities | 3 |
| Statements of Cash Flows | 5 |
| Notes to Financial Statements | 6 |

Byrd Proctor & Mills

111 Westwood Place, Suite 400
Brentwood, Tennessee 37027
615.467.7300 MAIN
615.467.7301 FAX
www.bpmcpas.com

# INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Scarritt-Bennett Center
Nashville, Tennessee

We have audited the accompanying statements of financial position of Scarritt-Bennett Center (a non-profit organization) as of December 31, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on the 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 in the first paragraph present fairly, in all material respects, the financial position of Scarritt-Bennett Center as of December 31, 2006 and 2005, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Byrd, Proctor & Mills, P.C.

September 11, 2007

SCARRITT-BENNETT CENTER
STATEMENTS OF FINANCIAL POSITION
December 31, 2006 and 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Current Operations | Long-term Investment | Total | Total |
| ASSETS | | | | |
| Cash | $ 177.740 | $ - | $ 177,740 | $ 59,371 |
| Accrued interest and dividends | - | 214,754 | 214.754 | 112,577 |
| Accounts receivable | 383.252 | - | 383.252 | 6.085 |
| Inventory | - | - | - | 6.759 |
| Contributions receivable-facilities usage | 1,343,384 | - | 1,343,384 | 2,612,888 |
| Property and equipment | 221,702 | - | 221.702 | 257.220 |
| Long-term investments | - | 11,858.269 | 11,858.269 | 11.188.460 |
| Perpetual trusts held by third parties | - | 384.991 | 384.991 | 362,082 |
| Historical collections - see note | - | - | - | - |
| | $ 2.126.078 | $ 12,458.014 | $ 14.584.092 | $ 14,605,442 |
| LIABILITIES | | | | |
| Accounts payable and other liabilities | $ 353.564 | $ - | $ 353,564 | $ 189.262 |
| Deposits | 305,498 | - | 305.498 | 180,589 |
| Note payable - line of credit | 95,000 | - | 95,000 | - |
| Annuity obligations | - | 12.000 | 12,000 | 12.000 |
| Liability under trust agreement | - | 4.505 | 4.505 | 7.257 |
| Discount for future interest in life income agreements | - | 16.000 | 16.000 | 16,000 |
| | 754.062 | 32.505 | 786,567 | 405,108 |
| NET ASSETS | | | | |
| Donor restricted: | | | | |
| Permanently | - | 4.345.359 | 4.345.359 | 4,319.813 |
| Temporarily | 1,409,002 | 1,078.339 | 2,487.341 | 3,573.604 |
| Other: | | | | |
| Designated by the Board for long-term investment | - | 7,001,811 | 7,001.811 | 6.379.351 |
| Undesignated | (36,986) | - | (36.986) | (72.434) |
| | 1.372,016 | 12.425.509 | 13.797.525 | 14.200.334 |
| | $ 2.126,078 | $ 12.458,014 | $ 14,584,092 | $ 14,605.442 |

See accompanying notes.

SCARRITT-BENNETT CENTER
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2006 and 2005

| | 2006 | | | | |
|---|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | |
| REVENUES, GAINS & OTHER SUPPORT | | | | | |
| Contributions | $ 241,581 | $ 73,505 | $ 2,500 | $ 317,586 | |
| Fees | 1,059,909 | - | - | 1,059,909 | |
| Rent income and use of facilities | 600,980 | - | - | 600,980 | |
| Other income | 386,424 | - | | 386,424 | |
| Contribution - facilities usage | - | 115,496 | - | 115,496 | |
| Investment return designated for current operations | 505,928 | 108,064 | - | 613,992 | |
| Change in value of split-interest agreements | - | 7,354 | - | 7,354 | |
| Net assets released from restrictions: | | | | | |
| Expiration of time restriction | 1,385,000 | (1,385,000) | - | - | |
| Satisfaction of program restrictions | 147,969 | (147,969) | - | - | |
| | 4,327,791 | (1,228,550) | 2,500 | 3,101,741 | 791,256 |
| EXPENSES | | | | | |
| Program expenses | | | | | |
| Food services | 543,182 | - | - | 543,182 | |
| Gift shop | 34,775 | - | - | 34,775 | |
| Library | 26,589 | - | - | 26,589 | |
| Guest services | 354,452 | - | - | 354,452 | |
| Maintenance | 737,675 | - | - | 737,675 | |
| Museum | 26,789 | - | - | 26,789 | |
| Technology | 107,105 | - | - | 107,105 | |
| Marketing | 83,010 | - | - | 83,010 | |
| Programming | 87,665 | - | - | 87,665 | |
| Celebration of Cultures | 39,160 | - | - | 39,160 | |
| Educational enrichment | 68,829 | - | - | 68,829 | |
| Rent expense | 1,249,118 | - | - | 1,249,118 | |
| Supporting services | | | | | |
| Management and general | 819,167 | - | - | 819,167 | |
| Fund-raising | 114,824 | - | - | 114,824 | |
| Payments to beneficiaries and annuitants and other expenses | 3,464 | - | - | 3,464 | |
| | 4,295,804 | - | - | 4,295,804 | |
| Change in net assets from operations | 31,987 | (1,228,550) | 2,500 | (1,194,063) | |
| OTHER CHANGES: | | | | | 1,404,2[illegible] |
| Investment return in excess of amounts designated for current operations | 625,921 | 142,287 | 23,046 | 791,254 | ✓ |
| Change in net assets | 657,908 | (1,086,263) | 25,546 | (402,809) | |
| NET ASSETS AT BEGINNING OF YEAR | 6,306,917 | 3,573,604 | 4,319,813 | 14,200,334 | |
| NET ASSETS AT END OF YEAR | $ 6,964,825 | $ 2,487,341 | $ 4,345,359 | $ 13,797,525 | |

See accompanying notes.

| 2005 | | | |
|---|---|---|---|
| Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| $ 267,849 | $ 28,680 | $ - | $ 296,529 |
| 1,140,474 | - | - | 1,140,474 |
| 605,622 | - | - | 605,622 |
| 76,141 | 6,922 | | 83,063 |
| - | 185,314 | - | 185,314 |
| 469,680 | 100,320 | - | 570,000 |
| - | 4,127 | - | 4,127 |
| 1,867,650 | (1,867,650) | - | - |
| 117,750 | (117,750) | - | - |
| 4,545,166 | (1,660,037) | - | 2,885,129 |
| 567,713 | - | - | 567,713 |
| 84,126 | - | - | 84,126 |
| 32,065 | - | - | 32,065 |
| 401,693 | - | - | 401,693 |
| 685,298 | - | - | 685,298 |
| 37,308 | - | - | 37,308 |
| 106,758 | - | - | 106,758 |
| 120,952 | - | - | 120,952 |
| 163,514 | - | - | 163,514 |
| 206 | - | - | 206 |
| 67,925 | - | - | 67,925 |
| 1,222,733 | - | - | 1,222,733 |
| 893,040 | - | - | 893,040 |
| 30,165 | - | - | 30,165 |
| 2,963 | - | - | 2,963 |
| 4,416,459 | - | - | 4,416,459 |
| 128,707 | (1,660,037) | - | (1,531,330) |
| 64,190 | 36,227 | 939 | 101,356 |
| 192,897 | (1,623,810) | 939 | (1,429,974) |
| 6,114,020 | 5,197,414 | 4,318,874 | 15,630,308 |
| $ 6,306,917 | $ 3,573,604 | $ 4,319,813 | $ 14,200,334 |

See accompanying notes.

SCARRITT-BENNETT CENTER
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2006 and 2005

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Current Operations | Long-term Investment | Total | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Change in net assets | $ (1,200,456) | $ 797,647 | $ (402,809) | $ (1,429,974) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities | | | | |
| Depreciation expense | 56,109 | - | 56,109 | 62,488 |
| Net non-cash expense - facilities usage | 1,269,504 | - | 1,269,504 | 1,199,686 |
| Realized and unrealized gain on investments | - | (1,191,011) | (1,191,011) | (505,976) |
| (Increase) decrease in: | | | | |
| Accrued interest and dividends | - | (102,177) | (102,177) | 38,924 |
| Accounts receivable | (377,196) | - | (377,196) | 16,255 |
| Inventory | 6,759 | - | 6,759 | 12,383 |
| Prepaid expenses | 29 | - | 29 | (29) |
| Contributions receivable from trusts | - | - | - | 474,504 |
| Perpetual trusts held by third party | - | (22,909) | (22,909) | (830) |
| Increase (decrease) in: | | | | |
| Accounts payable and other liabilities | 164,302 | - | 164,302 | 80,200 |
| Refundable deposits | 124,909 | - | 124,909 | (160,961) |
| Liability under trust agreement | - | (2,752) | (2,752) | (2,568) |
| Net cash provided (used) by operating activities | 43,960 | (521,202) | (477,242) | (215,898) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of investments | | (2,283,037) | (2,283,037) | (15,867,095) |
| Proceeds from sale of investments | | 2,804,239 | 2,804,239 | 16,234,411 |
| Purchase of property and equipment | (20,591) | - | (20,591) | - |
| Net cash provided (used) by investing activities | (20,591) | 521,202 | 500,611 | 367,316 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Borrowings (repayments) under line of credit | 95,000 | - | 95,000 | (106,159) |
| Net cash provided (used) by financing activities | 95,000 | - | 95,000 | (106,159) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 118,369 | - | 118,369 | 45,259 |
| CASH AT BEGINNING OF YEAR | 59,371 | - | 59,371 | 14,112 |
| CASH AT END OF YEAR | $ 177,740 | $ - | $ 177,740 | $ 59,371 |

See accompanying notes.

SCARRITT-BENNETT CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Scarritt-Bennett Center is a conference, retreat, and education center, related to the United Methodist Church. The property from which the Center operates is located in Nashville, Tennessee, and is owned by the Women's Division of the General Board of Global Ministries of the United Methodist Church. The Center provides conference and meeting space to groups for day and multi-day meetings. The Center also offers its own program of education for ministry. The mission of the Center includes multi-cultural, ecumenical, and inter-faith activities.

Financial Statement Presentation

The Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. Temporarily restricted net assets consist of a split-interest agreement representing a gift of a future interest, a gift of facilities usage, and certain other gifts which are restricted for specific purposes.

Permanently restricted net assets consist of endowment investments subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and the income only be utilized.

The Center's governing board has designated a portion of its unrestricted net assets as board-designated endowment. These net assets have not been donor restricted and are classified as unrestricted net assets. The purpose of this board-designated endowment is to provide income from long-term investments in order to support the Center's activities.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

The Center's property and equipment is depreciated using the straight-line method. The Center's policy is to capitalize fixed asset purchases in excess of $1,000. Property and equipment is valued at cost, if purchased, or fair value, if contributed.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Center considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents. Cash and cash equivalents that are designated for long-term investment are included in "Long-term investments" in the statements of financial position under the short-term investment category.

## Accounts Receivable

Accounts receivable are stated at the amount the Center expects to collect from outstanding balances at year end. The Center provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2006 and 2005, management concluded that realization losses on balances outstanding at year end would not be material based on management's assessment of credit history and current relationships. Therefore, no valuation allowance account was established at December 31, 2006 or 2005.

## Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Inventory

Inventories are stated at the lower of cost or market on a first-in, first-out basis. Inventories consist of items held for sale in the gift shop.

## Investments

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 change in net assets.

The statement of activities reports gains and losses on investments as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations. The Center's Board of Directors has determined under state law that it is prudent to preserve the purchasing power (real value) of the permanent endowment funds unless explicit donor stipulations specify how net appreciation must be used. To meet that objective, the Center's endowment management policies require that net appreciation be retained in an amount necessary to adjust the historic dollar value of original endowment gifts. Under the Center's endowment spending policy, six percent of the average of the market value at the end of the previous three years is used to support current operations.

## Income Tax Status

The Center qualifies as a tax-exempt organization under Section 501(c)3 of the Internal Revenue Code. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A).

## Advertising

The Center expenses advertising costs as they are incurred.

NOTE 2 - INVESTMENTS

Investments are presented in the financial statements at fair market value. Fair market value is determined by reference to quoted market prices. Virtually all investments are held by a trust company. Investments are composed of the following:

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | Approximate Market Value | Cost | Approximate Market Value | Cost |
| Common trust funds: | | | | |
| Short-term investments | $ 185,831 | $ 185,831 | $ 176,937 | $ 176,937 |
| Mutual funds: | | | | |
| Stocks | 8,123,992 | 5,908,628 | 7,424,954 | 6,057,173 |
| Bonds | 3,495,436 | 3,476,989 | 3,538,161 | 3,566,188 |
| Investments held in charitable remainder trust | 53,010 | 46,387 | 48,408 | 46,436 |
| | $ 11,858,269 | $ 9,617,835 | $ 11,188,460 | $ 9,846,734 |

The following schedule summarizes the investment return and its classification in the statement of activities for the period ending December 31, 2006 and 2005.

| | 2006 | | | |
|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Income on long-term investment | | | | |
| Annuity income | $ 9,179 | $ - | $ - | $ 9,179 |
| Endowment income | 165,028 | 39,631 | 137 | 204,796 |
| | 174,207 | 39,631 | 137 | 213,975 |
| Net realized and unrealized gains and losses on long-term investments | | | | |
| Life income losses | - | (260) | - | (260) |
| Endowment gains | 953,593 | 210,980 | 22,909 | 1,187,482 |
| Annuity gains | 4,049 | - | - | 4,049 |
| | 957,642 | 210,720 | 22,909 | 1,191,271 |
| | $ 1,131,849 | $ 250,351 | $ 23,046 | $ 1,405,246 |
| Investment return designated for current operations | $ 505,928 | $ 108,064 | $ - | $ 613,992 |
| Investment return in excess of amounts designated for current operations | 625,921 | 142,287 | 23,046 | 791,254 |
| | $ 1,131,849 | $ 250,351 | $ 23,046 | $ 1,405,246 |

| | 2005 | | | |
|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Income on long-term investment | | | | |
| Annuity income | $ 3,695 | $ - | $ - | $ 3,695 |
| Endowment income | 127,189 | 30,312 | 106 | 157,607 |
| | 130,884 | 30,312 | 106 | 161,302 |
| Net realized and unrealized gains and losses on long-term investments | | | | |
| Life income losses | - | (1,225) | - | (1,225) |
| Endowment gains | 399,735 | 107,460 | 833 | 508,028 |
| Annuity gains | 3,251 | - | - | 3,251 |
| | 402,986 | 106,235 | 833 | 510,054 |
| | $ 533,870 | $ 136,547 | $ 939 | $ 671,356 |
| Investment return designated for current operations | $ 469,680 | $ 100,320 | $ - | $ 570,000 |
| Investment return in excess of amounts designated for current operations | 64,190 | 36,227 | 939 | 101,356 |
| | $ 533,870 | $ 136,547 | $ 939 | $ 671,356 |

Investment expenses of $52,656 in 2006 and $52,797 in 2005 have been used to reduce investment income.

NOTE 3 - SPLIT-INTEREST AGREEMENTS

The Center and its donors have established several types of split-interest agreements. Under these agreements, the Center receives benefits that are shared with other beneficiaries designated by the donors.

Charitable Gift Annuities

The Center has five annuity agreements at December 31, 2006 and 2005. Under these agreements, the donors have contributed assets to the Center in exchange for a promise by the Center to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. The assets received are held as unrestricted assets of the Center and the liability for estimated future payments is recorded as an obligation.

Pooled Life Income Agreements

The Center has six participants in pooled life income agreements at December 31, 2006 and 2005. Under these agreements, the donors have contributed assets to the Center in exchange for a promise by the Center to pay to the donor the income earned on the contributed assets for a specified period of time. The assets are recorded as temporarily restricted assets.

Perpetual Trusts Held by Third Parties

Two donors have established perpetual trusts that are administered by third parties. Under the terms of the first trust, the Center has the irrevocable right to receive the income earned on the trust assets in perpetuity. Income is unrestricted. At December 31, 2006 and 2005, the fair market value of the assets held under the first agreement was $182,506 and $159,471 and is included in permanently restricted net assets. Under the terms of the second trust, the Center has an irrevocable right to receive the income earned on the trust in perpetuity. Income is restricted for scholarships. At December 31, 2006 and 2005, the fair market value of the assets held under the second agreement was $202,485 and $202,611, respectively.

Charitable Remainder Trusts

The Center is remainder beneficiary and trustee for a charitable remainder trust. The fair market value of the investments held in this trust at December 31, 2006 and 2005, was $53,010 and $48,408, respectively, which is reflected as investments in the statement of financial position.

NOTE 4 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following:

| | 2006 | 2005 |
|---|---|---|
| General endowment | $2,987,844 | $2,962,309 |
| Scholarships | 1,317,517 | 1,317,504 |
| Other | 40,000 | 40,000 |
| | $4,345,361 | $4,319,813 |

Income from permanently restricted assets and Board-designated unrestricted assets is available for general operations and scholarships.

NOTE 5 - FURNITURE AND EQUIPMENT

A summary of furniture and equipment follows:

| | 2006 | 2005 |
|---|---|---|
| Furniture | $ 78,222 | $ 78.222 |
| Equipment | 387.625 | 378.625 |
| Software | 95.092 | 95.092 |
| Leasehold improvements | 344,349 | 332.758 |
| | 905.288 | 884.697 |
| Less accumulated depreciation | 683,586 | 627.477 |
| | $ 221.702 | $ 257.220 |

Depreciation expense for the years ended December 31, 2006 and 2005, was $56.109 and $62.488, respectively.

NOTE 6 - PENSION PLAN

All full-time staff and regular part-time staff who work twenty or more hours are eligible to participate in one of the pension programs of the General Board of Pensions Health Benefits of the United Methodist Church. Staff members may participate by contributing, through payroll deduction, not more than ten percent to a personal accumulations account. The Center contributes 9% on behalf of the employees. The total pension expense for the years ended December 31, 2006 and 2005, was $66.434 and $67.679, respectively.

NOTE 7 - INSURANCE REFUND RECEIVABLE

Included in accounts receivable as of December 31, 2006, is $301.977 of surplus insurance funds. The insurance provider for the Center is returning $352.307 to the Center over a seven year period beginning in 2006 and ending in 2012. The funds will be paid in equal installments of $50.330 per year.

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

NOTE 9 - RELATED PARTY TRANSACTIONS

The Women's Division of the General Board of Global Ministries of the United Methodist Church (the Women's Division) appoints 14 of the 26 voting directors of Scarritt-Bennett Center. In 2006 and 2005, the Women's Division provided the Center with financial support in the amount of $150.000 in addition to the rent-free use of the facilities. The Women's Division contributed $2,500 to the permanent endowment in 2006.

SCARRITT-BENNETT CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

## NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes and periods:

| | 2006 | 2005 |
|---|---|---|
| Time restrictions: | | |
| Facilities usage | $1.343.385 | $2.612.888 |
| Life income agreements | 30.839 | 31,099 |
| Split-interest agreements | 48.506 | 41,151 |
| Amounts designated for specific programs: | | |
| Miller Lectureship | 59,438 | 50,063 |
| Centennial Global Scholars Fund | 42.320 | 35.597 |
| General unrestricted scholarships | 897,236 | 770.789 |
| Other programs | 65.617 | 32,017 |
| | $2.487.341 | $3,573.604 |

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

| | 2006 | 2005 |
|---|---|---|
| Time restrictions expired: | | |
| Passage of specified time - rent-free use of facilities | $1,385.000 | $1.385,000 |
| Passage of specified time – charitable remainder trust | - | 482.650 |
| Program requirements met: | | |
| Satisfaction of program restrictions | 147.969 | 117.750 |
| Total net assets released from restrictions | $1.532.969 | $1,985.400 |

## NOTE 11 - CONTRIBUTION - RENT-FREE USE OF FACILITIES

The Women's Division of the General Board of Global Ministries of the United Methodist Church contributes a rent-free lease agreement to the Center. The estimated fair value of the contributed facilities is recorded as a gift in the period the lease is executed and is discounted to its present value at that time. A lease renewal for a period of ten years was executed during 1998. The estimated value of this contribution was approximately $11,130.384 based on an annual lease value of $1.385,000 per year for 10 years discounted at 5.67%. The contribution receivable related to the right to use these facilities was $1.343.384 at December 31. 2006, and $2,612.888 at December 31, 2005.

Facilities usage recognized as an expense for the years ending December 31. 2006 and 2005, is $1.385.000 each year.

The contribution receivable for facility usage as of December 31, 2006, is a temporarily restricted net asset. Management believes that no allowance for doubtful accounts is necessary for this receivable.

| | |
|---|---|
| Receivable in less than one year | $1.385,000 |
| Less discount at 5.67% to net present value | 41,616 |
| | $1.343,384 |

NOTE 12 – CONCENTRATIONS

Approximately 14% of the fee and rental income in 2006 and 2005 was from three United Methodist groups.

NOTE 13 - LINE OF CREDIT

The Center has a $250.000 line of credit with a bank which expires October 2007. At December 31, 2006, $95.000 was borrowed under that line. Interest was charged at a variable rate (8.5% at December 31, 2006) and was paid monthly.

NOTE 14 - HISTORICAL COLLECTIONS

The Center's collections are made up of multicultural tourist and tribal art, traditional pieces, prehistoric artifacts from North America and other items from cultures around the world. These items are held and displayed in the Center's various facilities for educational and exhibition purposes. During 2000 and 2001, the Center was given a significant number of collection items from another local museum. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. In conformity with the practice followed by many museums, historical collection items are not included in the statement of financial position. Also, the value of collection items given to the Center is not reflected as revenue. The cost of all objects purchased is reported in program expenses.

NOTE 15 - SUBSEQUENT EVENT

In 2007 the Center entered into an agreement to purchase Cuninggim Apartments for $2.000.000 from the Women's Division. These apartments adjoin the property that the Center leases from the Women's Division. The transaction is scheduled to close on September 15, 2007.