

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2009 AND 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Boys and Girls Clubs of Middle Tennessee, Inc.
Nashville, Tennessee

We have audited the accompanying statements of financial position of the Boys and Girls Clubs of Middle Tennessee, Inc. (the "Agency"), a Tennessee not-for-profit corporation, as of June 30, 2009 and 2008, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Agency'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 the Boys and Girls Clubs of Middle Tennessee, Inc. as of June 30, 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.

Our audits were conducted for the purpose of forming an opinion on the above-mentioned basic financial statements taken as a whole. The accompanying additional information on pages 22 and 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Nashville, Tennessee
January 26, 2010

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 202,491	\$ 104,510
Grant and contract receivables	11,512	52,971
Contributions receivable - operating - Note 2	334,509	347,855
Prepaid expenses and deposits	18,676	50,853
Investments - Note 3	376,804	423,809
Property and equipment - net - Note 4	1,664,188	1,802,421
Capital campaign assets:		
Cash and cash equivalents	50,018	125,527
Contributions receivable - net - Note 2	564,536	679,848
Investments - Note 3	840,079	700,000
Membership rights - net - Note 12	232,500	262,500
Beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee - Note 11	13,355	16,761
 TOTAL ASSETS	 <u>\$ 4,308,668</u>	 <u>\$ 4,567,055</u>
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 107,039	\$ 178,201
Accrued expenses	39,597	23,763
Deferred revenue	5,000	19,629
Capital lease payable - Note 10	8,950	12,046
Obligation under line of credit - Note 5	500,000	414,564
Notes payable - Note 5	218,662	250,559
 TOTAL LIABILITIES	 <u>879,248</u>	 <u>898,762</u>
 COMMITMENTS - Notes 5 and 10		
NET ASSETS		
Unrestricted	1,254,089	1,366,553
Temporarily restricted - Note 6	1,715,876	1,867,412
Permanently restricted	459,455	434,328
 TOTAL NET ASSETS	 <u>3,429,420</u>	 <u>3,668,293</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 4,308,668</u>	 <u>\$ 4,567,055</u>

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTALS
SUPPORT AND REVENUE				
Public Support:				
Individual gifts and contributions	\$ 1,537,903	\$ 159,378	\$ 25,127	\$ 1,722,408
Government grants and contracts	694,616	-	-	694,616
United Way grants, allocations and designations	497	130,827	-	131,324
Special events	453,359	24,617	-	477,976
Program service fees	174,798	-	-	174,798
Membership dues	11,401	-	-	11,401
Sales to members and public	202	-	-	202
Donated rent	32,900	-	-	32,900
Investment income (loss) - net - Note 3	(39,787)	-	-	(39,787)
Other	21,221	-	-	21,221
Change in value of beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee - Note 11	(3,406)	-	-	(3,406)
Loss on doubtful temporarily restricted contributions receivable	-	(62,000)	-	(62,000)
Net assets released resulting from satisfaction of donor restrictions	404,358	(404,358)	-	-
TOTAL SUPPORT AND REVENUE	3,288,062	(151,536)	25,127	3,161,653
EXPENSES				
Program Services:				
Comprehensive Youth Development	2,294,343	-	-	2,294,343
Supporting Services:				
Management and general	471,740	-	-	471,740
Fundraising	465,457	-	-	465,457
Fundraising - capital campaign	168,986	-	-	168,986
TOTAL EXPENSES	3,400,526	-	-	3,400,526
CHANGE IN NET ASSETS	(112,464)	(151,536)	25,127	(238,873)
NET ASSETS - BEGINNING OF YEAR	1,366,553	1,867,412	434,328	3,668,293
NET ASSETS - END OF YEAR	\$ 1,254,089	\$ 1,715,876	\$ 459,455	\$ 3,429,420

See accompanying notes to financial statements.

2008

<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTALS</u>
\$ 1,014,945	\$ 1,035,855	\$ 76,125	\$ 2,126,925
1,003,581	-	-	1,003,581
2,732	120,526	-	123,258
438,573	70,270	-	508,843
264,604	-	-	264,604
26,488	-	-	26,488
1,461	-	-	1,461
25,200	-	-	25,200
(5,787)	-	-	(5,787)
17,889	-	-	17,889
(669)	-	-	(669)
-	(44,095)	-	(44,095)
<u>583,556</u>	<u>(583,556)</u>	<u>-</u>	<u>-</u>
<u>3,372,573</u>	<u>599,000</u>	<u>76,125</u>	<u>4,047,698</u>
2,747,349	-	-	2,747,349
453,307	-	-	453,307
441,610	-	-	441,610
<u>196,958</u>	<u>-</u>	<u>-</u>	<u>196,958</u>
<u>3,839,224</u>	<u>-</u>	<u>-</u>	<u>3,839,224</u>
(466,651)	599,000	76,125	208,474
<u>1,833,204</u>	<u>1,268,412</u>	<u>358,203</u>	<u>3,459,819</u>
<u>\$ 1,366,553</u>	<u>\$ 1,867,412</u>	<u>\$ 434,328</u>	<u>\$ 3,668,293</u>

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (238,873)	\$ 208,474
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	205,107	194,217
Loss on disposal of equipment	679	-
Realized and unrealized (gains) losses on investments	63,435	32,066
Change in allowance for doubtful accounts	62,000	44,095
Change in value of beneficial interest in agency endowment fund	3,406	669
Restricted contributions for capital campaign	(43,606)	(900,323)
Donated equipment	(8,000)	-
(Increase) decrease in:		
Grant and contract receivables	41,459	7,350
Contributions receivable - operating	13,346	61,215
Prepaid expenses and deposits	32,177	(20,860)
Increase (decrease) in:		
Accounts payable	(71,162)	86,498
Accrued expenses	15,834	(6,706)
Deferred revenue	(14,629)	(32,313)
NET ADJUSTMENTS	<u>300,046</u>	<u>(534,092)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>61,173</u>	<u>(325,618)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(29,553)	(48,385)
Proceeds from sale of investments	86,642	442,768
Purchase of investments	(243,151)	(1,032,547)
Decrease in cash restricted for capital campaign	<u>75,509</u>	<u>288,112</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(110,553)</u>	<u>(350,052)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	-	26,000
Proceeds from line of credit, net of payments	85,436	139,963
Payments on notes payable	(31,897)	(24,974)
Payments on capital lease obligation	(3,096)	(2,851)
Capital campaign contributions collected	<u>96,918</u>	<u>547,981</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>147,361</u>	<u>686,119</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	97,981	10,449
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>104,510</u>	<u>94,061</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 202,491</u>	<u>\$ 104,510</u>
ADDITIONAL CASH FLOW INFORMATION:		
Interest expense paid	<u>\$ 29,055</u>	<u>\$ 45,527</u>
See accompanying notes to financial statements.		

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009				
	PROGRAM SERVICES	SUPPORTING SERVICES			TOTAL
	COMPREHENSIVE YOUTH DEVELOPMENT	MANAGEMENT AND GENERAL	FUNDRAISING	CAPITAL CAMPAIGN	
Salaries	\$ 1,068,199	\$ 250,557	\$ 135,387	\$ 8,753	\$ 1,462,896
Employee taxes and fringe benefits	<u>222,518</u>	<u>21,319</u>	<u>18,525</u>	<u>670</u>	<u>263,032</u>
 TOTAL PAYROLL AND RELATED EXPENSES	 1,290,717	 271,876	 153,912	 9,423	 1,725,928
 Awards and grants	 153,583	 149	 25,848	 -	 179,580
Collaborative fees paid to the Preston Taylor YMCA Club	56,667	-	-	-	56,667
Conferences and meetings	22,441	2,794	1,333	3,376	29,944
Equipment purchases	15,580	-	-	-	15,580
Equipment rental and maintenance	16,646	1,694	1,626	-	19,966
Food program expense	115,373	-	-	-	115,373
Insurance	63,083	6,688	2,251	-	72,022
Interest expense	5,051	24,004	-	-	29,055
Licenses and permits	455	25	25	-	505
Maintenance supplies	11,385	138	109	-	11,632
Marketing	-	-	4,761	-	4,761
Membership dues	44,555	4,845	6,479	-	55,879
Miscellaneous	3,197	-	-	-	3,197
Postage	840	963	627	-	2,430
Printing and publications	467	458	1,163	-	2,088
Professional fees	46,487	68,792	25,599	156,187	297,065
Rent - donated	-	22,400	-	-	22,400
Repairs and maintenance	37,465	1,533	1,039	-	40,037
Special events	-	-	159,670	-	159,670
Supplies expense	48,549	17,419	17,977	-	83,945
Telephone	39,613	5,305	3,652	-	48,570
Travel and mileage	58,735	3,185	5,897	-	67,817
Utilities and occupancy costs	<u>98,619</u>	<u>34,649</u>	<u>18,040</u>	<u>-</u>	<u>151,308</u>
 TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	 2,129,508	 466,917	 430,008	 168,986	 3,195,419
Depreciation and amortization	<u>164,835</u>	<u>4,823</u>	<u>35,449</u>	<u>-</u>	<u>205,107</u>
 TOTAL FUNCTIONAL EXPENSES	 <u>\$ 2,294,343</u>	 <u>\$ 471,740</u>	 <u>\$ 465,457</u>	 <u>\$ 168,986</u>	 <u>\$ 3,400,526</u>

See accompanying notes to financial statements.

2008

PROGRAM SERVICES		SUPPORTING SERVICES			
COMPREHENSIVE YOUTH DEVELOPMENT		MANAGEMENT AND GENERAL	FUNDRAISING	CAPITAL CAMPAIGN	TOTAL
\$ 1,235,268	\$ 253,645	\$ 90,744	\$ 12,091	\$ 1,591,748	
210,229	67,556	23,341	917	302,043	
1,445,497	321,201	114,085	13,008	1,893,791	
199,012	-	-	-	199,012	
50,004	-	-	-	50,004	
8,191	4,612	1,763	-	14,566	
4,563	1,359	67	-	5,989	
22,727	1,386	1,556	-	25,669	
182,341	-	-	-	182,341	
61,645	3,799	2,290	-	67,734	
3,103	42,424	-	-	45,527	
1,053	505	370	-	1,928	
18,752	113	76	-	18,941	
-	-	9,737	-	9,737	
37,958	25	3,476	-	41,459	
9,711	4,100	196	-	14,007	
1,065	802	3,015	195	5,077	
1,110	531	5,139	-	6,780	
27,421	11,081	79,524	169,980	288,006	
25,200	-	-	-	25,200	
78,977	1,165	838	-	80,980	
-	-	147,875	-	147,875	
80,790	17,385	13,206	-	111,381	
39,714	3,659	2,297	-	45,670	
113,927	10,147	772	13,775	138,621	
178,883	24,757	21,072	-	224,712	
2,591,644	449,051	407,354	196,958	3,645,007	
155,705	4,256	34,256	-	194,217	
\$ 2,747,349	\$ 453,307	\$ 441,610	\$ 196,958	\$ 3,839,224	

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Boys and Girls Clubs of Middle Tennessee, Inc. (the "Agency") is a Boys & Girls Clubs of America affiliated organization providing services to at-risk children in the Middle Tennessee area. The Agency consists of five Club facilities, including two school sites (one in partnership with Metro Nashville Public Schools and one in partnership with the YMCA of Middle Tennessee). The goal of the Agency is to inspire and enable all young people, especially those from disadvantaged circumstances, to realize their full potential as productive, responsible and caring citizens. Founded in 1903, the Agency strives to improve each child's life by enhancing self-esteem and courage, and instilling positive values through educational programs.

Basis of presentation

The accompanying financial statements present the financial position and changes in net assets of the Agency on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Resources are classified as unrestricted, temporarily restricted and permanently restricted net assets, based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* are free of donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction.
- *Temporarily restricted net assets* are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose.
- *Permanently restricted net assets* are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations.

Contributions and support

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

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restrictions.

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and support (continued)

The Agency also receives grant revenue from state and local agencies. Grant revenues are recognized in the period a liability is incurred for eligible expenditures under the terms of the grant. Grant receivables relate primarily to grant money from the State Department of Human Services.

The Agency reports gifts of equipment or materials as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Promises to give

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using the risk-free interest rate applicable to the year in which the promise is received (3.36% for 2009 and 2008). Amortization of the discount is recognized on the interest method over the term of the gift and included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

An allowance for uncollectible contributions is provided based on historical experience and management's estimates. Pledges determined to be uncollectible are charged off against the allowance in the period of determination. Increases in the allowance relating to temporarily restricted pledges are reported as a bad debt loss under support and revenue.

Cash and cash equivalents

Cash and cash equivalents consist principally of checking account balances.

Investments

Investments consist of money market accounts, certificates of deposit and fixed income and equity securities and are carried at the quoted market value of the securities on the last business day of the reporting period. Changes in unrealized gains and losses are recognized in the Statement of Activities for the year.

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment are reported at cost at the date of purchase or at estimated fair value at date of gift to the Agency. The Agency's policy is to capitalize purchases with a cost of \$1,000 or more and an expected useful life greater than one year. Depreciable assets are depreciated by the straight-line method over their estimated useful lives. Estimated useful lives are five to ten years for furniture, equipment, software, vehicles and building improvements, and forty years for buildings.

Membership rights

Purchased membership rights have been capitalized at acquisition cost and are being amortized by the straight-line method over the life of the agreement, which is ten years. Amortization expense is included in depreciation and amortization in the Statement of Functional Expenses.

Program and supporting services

The following program and supporting services are included in the accompanying financial statements:

Program services - include programs and services to promote and enhance the development of boys and girls. Some of the Agency's programs include:

- Character, Leadership, and Development - empowers youth to support and influence their Club and community, sustain meaningful relationships with others, develop a positive self-image, participate in the democratic process and respect their own and others' cultural identity.
- Education and Career Development - enables youth to become proficient in basic educational disciplines, apply learning to everyday situations and embrace technology to achieve success in a career.
- Health and Life Skills - develops young people's capacity to engage in positive behaviors that nurture their own well-being, set personal goals and live successfully as self-sufficient adults.
- The Arts - enables youth to develop their creativity and cultural awareness through knowledge and appreciation of the visual arts, crafts, performing arts and creative writing.
- Sports, Fitness, and Recreation - develops fitness, positive use of leisure time, skills for stress management, appreciation for the environment and social skills.

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and supporting services (continued)

Supporting services

Management and general - includes the functions necessary to ensure an adequate working environment, Board operations, and community planning and networking activities.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

Capital campaign - includes costs of activities relating to the Agency's capital campaign to fund the construction of new buildings at the Thompson Lane and Franklin locations, establishment of an endowment fund, and expansion into other neighborhoods.

Allocation of functional expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

Income taxes

The Agency qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

Compensated absences

Compensated absences are accrued for vacation days earned by employees in a calendar year that will be paid in the future. Current policy allows carryover of vacation days that must be used within the first thirty days of the next calendar year.

Donated services and use of facilities

The Agency's policy is to record support and expenses for contributed services that require specialized skills and would be purchased if not provided by the donor at the estimated fair value of the services received. The fair rental value of the donated use of facilities for four of the centers is included in revenues and expenses in the amount of \$22,400 for the year ended June 30, 2009 (\$25,200 in 2008).

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates in the preparation of financial statements

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 reported amounts of assets and liabilities and disclosure 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.

Reclassifications

Certain amounts in the prior year's financial statements have been reclassified in order to be comparative with the current year's presentation. The reclassifications had no effect on the change in net assets as previously reported.

Events occurring after reporting date

The Agency has evaluated events and transactions that occurred between June 30, 2009 and January 26, 2010, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Recent accounting pronouncement

In July 2006, the Financial Accounting Standards Board (FASB) issued Financial Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109*. FIN 48 provides guidance regarding the recognition, measurement, presentation and disclosure in the financial statements of tax positions taken or expected to be taken on a tax return, including positions that the organization is exempt from income taxes or not subject to income taxes on unrelated business income. The cumulative effect of changes arising from the initial application of FIN 48 is required to be reported as an adjustment to the opening balance of net assets in the period of adoption. In December 2008, the FASB provided for a deferral of the effective date of FIN 48 for certain nonpublic enterprises to annual financial statements for fiscal years beginning after December 15, 2008. The Agency has elected this deferral and, accordingly will be required to adopt FIN 48 in its June 30, 2010 annual financial statements. Prior to adopting FIN 48, the Agency will continue to evaluate uncertain tax positions and related income tax contingencies under SFAS No. 5, *Accounting for Contingencies*. SFAS No. 5 requires accrual for losses that are considered probable and can be reasonably estimated, or disclosure for losses that are considered reasonably possible and/or cannot be reasonably estimated.

The Agency is currently evaluating the impact, if any, of the adoption of this pronouncement on the financial statements.

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at June 30:

	<u>2009</u>	<u>2008</u>
Temporarily restricted:		
Due in less than one year	\$ 508,565	\$ 528,302
Due in one to five years	<u>491,557</u>	<u>533,522</u>
	1,000,122	1,061,824
Less: discounts to net present value	(33,077)	(28,121)
Less: allowance for doubtful accounts	<u>(68,000)</u>	<u>(6,000)</u>
Net contributions receivable	<u>\$ 899,045</u>	<u>\$ 1,027,703</u>

Contributions receivable are classified as follows at June 30:

	<u>2009</u>	<u>2008</u>
Operating	\$ 334,509	\$ 347,855
Capital campaign	<u>564,536</u>	<u>679,848</u>
	<u>\$ 899,045</u>	<u>\$ 1,027,703</u>

During the 2007 fiscal year, the Agency was notified that two separate \$1,000,000 donations to the Capital Campaign would be recommended by a donor to the Community Foundation of Middle Tennessee, Inc. (the "Foundation"), to be paid over a five-year period. The first \$600,000 of each of these gifts (\$200,000 per year in 2009, 2008 and 2007) was approved by the Foundation and recognized as support by the Agency. The Foundation has final authority over these donor recommendations, which are advisory only and, accordingly, the balance of the donation will not be recognized until the period approved by the Foundation. Additionally, the Agency was notified of a \$500,000 pledge to the Capital Campaign subject to satisfaction of certain specified conditions. This donation has not been recognized as support as the conditions had not been satisfied as of June 30, 2009.

Over 90% of the capital campaign contributions receivable are from Board members. The initial timing of the expected collection period has been extended due to changes in construction plans. Currently, the Agency is contemplating renovation of the existing Thompson Lane facility instead of constructing a new building. As of January 26, 2010, no capital expenditure commitments have been made.

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 3 - INVESTMENTS

Investments consisted of the following at June 30:

	<u>2009</u>		<u>2008</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Certificates of deposit	\$ -	\$ -	\$ 700,000	\$ 700,000
Short-term investments	865,827	865,827	18,072	18,072
Equity securities	216,010	264,035	284,394	274,537
Corporate bond funds	135,046	137,500	121,343	125,000
	<u>\$ 1,216,883</u>	<u>\$ 1,267,362</u>	<u>\$ 1,123,809</u>	<u>\$ 1,117,609</u>

Investments are classified as follows at June 30:

	<u>2009</u>		<u>2008</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Operating	\$ 376,804	\$ 427,283	\$ 423,809	\$ 417,609
Capital Campaign	840,079	840,079	700,000	700,000
	<u>\$ 1,216,883</u>	<u>\$ 1,267,362</u>	<u>\$ 1,123,809</u>	<u>\$ 1,117,609</u>

Investment income consisted of the following for the years ended June 30:

	<u>2009</u>	<u>2008</u>
Interest and dividend income	\$ 29,662	\$ 32,270
Realized gains (losses) - net	(8,517)	26,475
Unrealized losses - net	(54,918)	(58,541)
Investment fees	(6,014)	(5,991)
Investment loss - net	<u>\$ (39,787)</u>	<u>\$ (5,787)</u>

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2009</u>	<u>2008</u>
Land	\$ 26,530	\$ 26,530
Buildings and improvements	2,714,933	2,742,414
Vehicles	299,205	288,970
Furniture, equipment and software	<u>355,079</u>	<u>467,742</u>
	3,395,747	3,525,656
Less accumulated depreciation	<u>(1,731,559)</u>	<u>(1,723,235)</u>
Net property and equipment	<u>\$ 1,664,188</u>	<u>\$ 1,802,421</u>

The Agency had fully depreciated assets with an original cost of approximately \$690,000 as of June 30, 2009 (\$837,000 in 2008).

As discussed in Note 2, the Agency is conducting a capital campaign for the purpose of renovating the Thompson Lane facility. The Thompson Lane facility is not currently in use and has a net book value of approximately \$93,000 as of June 30, 2009.

NOTE 5 - NOTES PAYABLE

Notes payable consisted of the following at June 30:

	<u>2009</u>	<u>2008</u>
Note payable to bank. Monthly principal payments of \$1,400 plus interest are due through September 2009 at the Bank's base commercial rate (3.25% at June 30, 2009; 5% at June 30, 2008). All accrued interest and remaining principal are due February 1, 2010; secured by the Agency's building.	\$ 170,434	\$ 188,853
Note payable to bank. Principal and interest payments of \$936 due monthly with remaining balance of principal and interest due February 2012. Interest is charged at 7.25%; secured by a vehicle.	27,280	36,132
Note payable to bank. Principal and interest payments of \$499 due monthly with remaining balance of principal and interest due May 2013. Interest is charged at 5.55%; secured by a vehicle.	<u>20,948</u>	<u>25,574</u>
	<u>\$ 218,662</u>	<u>\$ 250,559</u>

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 5 - NOTES PAYABLE (CONTINUED)

Annual future maturities of notes payable are as follows as of June 30, 2009:

Year Ending June 30,

2010	\$ 184,969
2011	15,532
2012	12,941
2013	<u>5,220</u>
	<u>\$ 218,662</u>

The Agency has a \$500,000 line of credit agreement with a bank. Interest on the outstanding borrowings under the line is charged at the bank's base commercial rate (3.25% as of June 30, 2009) and is payable monthly. The line of credit, which had a balance outstanding of \$500,000 as of June 30, 2009, matures February 1, 2010.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30:

	<u>2009</u>	<u>2008</u>
Scholarship - Youth of the Year	\$ 39,867	\$ 6,481
Donations for capital campaign	1,454,633	1,543,371
United Way of Middle Tennessee:		
Designations	9,607	11,175
United Way of Williamson County	101,000	101,000
Special event sponsorship	31,851	93,270
Restricted contributions for various programs	<u>78,918</u>	<u>112,115</u>
	<u>\$ 1,715,876</u>	<u>\$ 1,867,412</u>

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Agency to concentrations of credit risk consist of cash and cash equivalents, various grant, contract and contributions receivables. Contributions receivable consist of individual and corporate contribution pledges which are widely dispersed to mitigate credit risk. Grant and United Way receivables represent concentrations of credit risk to the extent they are receivable from concentrated sources.

The Agency maintains cash accounts at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to statutory limits. As of June 30, 2009, all interest bearing and noninterest bearing cash accounts of the Agency were fully insured.

The Agency maintains its money market funds and securities at one financial institution. Generally, they are not insured by the FDIC or any other governmental agency and are subject to investment risk, including the risk of loss of principal. Investors are provided limited protection by the Securities Investor Protection Corporation (SIPC), a nonprofit membership corporation funded by its member securities broker dealers. SIPC covers investor losses, in some cases, attributable to bankruptcy or fraudulent practices of brokerage firms.

NOTE 8 - RELATED PARTY TRANSACTIONS

One of the Agency's board members is a senior officer with a financial institution which is the Agency's principal bank and lender.

NOTE 9 - EMPLOYEE BENEFIT PLAN

Substantially all of the Agency's employees are covered by a defined contribution pension plan known as the Boys & Girls Clubs of America Pension Trust. The Agency funds its share of pension expense for the year in quarterly contributions to the plan.

The plan provides for elective employer contributions. The Agency contributed five percent of eligible employees' annual compensation to the plan for the years ended June 30, 2009 and 2008. Employees become eligible to participate on the plan anniversary date if they are at least 21 years of age and have worked at least 1,000 hours in the immediately preceding twelve months. Employee benefits are fully vested after six years of service as a plan participant.

The Agency's total pension expense for the year ended June 30, 2009 was \$20,785 (\$57,527 in 2008).

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 10 - LEASES

Effective May 1, 2007, the Agency entered into a lease agreement for its administrative offices which expires April 30, 2010. On December 1, 2007, the Agency entered into a lease agreement for a club facility that expired November 30, 2009, but was renewed through October 31, 2011.

In December 2006, the Agency entered into a lease for office equipment that expires December 2010.

A schedule of future minimum lease payments required under all noncancelable operating leases as of June 30, 2009, follows:

Year Ending June 30,

2010	\$ 57,405
2011	16,356
2012	<u>4,000</u>
	<u>\$ 77,761</u>

The Agency leases its telephone system under a capital lease that expires in 2012. Total payments made under the capital lease for the year ended June 30, 2009 amounted to \$3,974, including \$878 of imputed interest.

Future minimum payments required under the capital lease as of June 30, 2009, are:

Years Ending June 30:

2010	\$ 3,974
2011	3,974
2012	<u>1,987</u>
Total minimum lease payments	9,935
Less: interest imputed at a rate of 8.25%	<u>(985)</u>
Present value of minimum lease payments	<u>\$ 8,950</u>

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 11 - AGENCY ENDOWMENT FUND

The Agency has a beneficial interest in the Boys and Girls Clubs of Middle Tennessee's Agency Endowment Fund held by the Community Foundation of Middle Tennessee (the "Community Foundation"). Earnings on this fund are used to support the Agency. The Agency has granted variance power to the Community Foundation, and the Community Foundation has the ultimate authority and control over the fund and the income derived therefrom. The fund is charged a .4% administrative fee annually. Upon request by the Agency, income from the fund representing a 5% annual return may be distributed to the Agency or to another suggested beneficiary.

A schedule of changes in the Agency's beneficial interest in this fund for the years ended June 30, 2009 and 2008 follows:

	<u>2009</u>	<u>2008</u>
Balance - beginning of year	\$ 16,761	\$ 17,430
Change in value of beneficial interest in agency endowment fund:		
Investment loss	(3,316)	(560)
Administrative expenses	<u>(90)</u>	<u>(109)</u>
	<u>(3,406)</u>	<u>(669)</u>
Balance - end of year	<u>\$ 13,355</u>	<u>\$ 16,761</u>

NOTE 12 - MEMBERSHIP RIGHTS

During 2007, the Agency entered into a membership purchase agreement with the Golf Club of Tennessee (the "Club") and paid \$300,000 for membership rights. The Agency received a restricted contribution to finance the membership, which allows for 10 years of annual fundraising golf tournaments at the Club and the right to unlimited use of the Club's facilities for the cultivation and solicitation of donors. Specifically, the benefits include: 1) the right to host one annual charitable golf outing per year (ten total outings) for up to 120 players; 2) the ability to host up to five unaccompanied foursomes per year; 3) no guest fees for any guest playing in the Agency's foursome up to a maximum of three guests; 4) no other regular or capital dues; 5) no assessments; and 6) no annual fee for locker usage, golf bag storage, or range fees. The Agency has no equity or ownership or any other property interest in the Club. The Agency is amortizing the cost of the membership rights over the term of the agreement. For the years ended June 30, 2009 and 2008, the Agency reported amortization expense of \$30,000.

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 13 - FAIR VALUE MEASUREMENTS

Effective July 1, 2008, the Agency adopted the provisions of SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 establishes a framework for measuring fair value for financial assets and financial liabilities. That 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 or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under SFAS No. 157 are described below.

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

Level 2 Inputs to the valuation methodology include:

- 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 the 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.

The asset's 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.

Financial assets measured at fair value on a recurring basis include the following:

Short-term investments - valued using amortized cost which approximates fair value.

Equity securities and corporate bond funds - valued at the net asset value of shares held by the Agency at year end.

Agency endowment fund - The agency endowment fund held at the Foundation represents the Agency's interest in pooled investments with other participants in the funds. The Foundation prepares a valuation of the fund based on the fair value of the underlying investments and allocates income or loss to each participant based on market results. Due to the nature of the underlying investments and method of allocation of the fund, the beneficial interest in the agency endowment fund is classified within Level 2 of the valuation hierarchy.

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 13 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes the Agency's financial assets measured at fair value on a recurring basis as of June 30, 2009, segregated by level of valuation inputs within the fair value hierarchy utilized to measure fair value:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
<u>Financial Assets:</u>			
Short-term investments	\$ 865,827	\$ -	\$ -
Equity securities	216,010	-	-
Corporate bond funds	135,046	-	-
Agency endowment fund	-	13,355	-
	<u>\$ 1,216,883</u>	<u>\$ 13,355</u>	<u>\$ -</u>

NOTE 14 - ENDOWMENT FUNDS

The Agency's endowment consists of funds established by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations. The Agency's permanently restricted endowment funds are based on the spending policies described below which follow the Uniform Prudent management of Institutional Funds Act of 2006 (UPMIFA) and the State of Tennessee's State Uniform Prudent Management of Institutional Funds Act (SUPMIFA). This Act became effective July 1, 2007.

In August 2008, the FASB issued FASB Staff Position (FSP) No. 117-1, *Endowments of Not for Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (FSP No. SFAS 117-1). FSP No. SFAS 117-1 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. FSP No. SFAS 117-1 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 14 - ENDOWMENT FUNDS (CONTINUED)

Interpretation of applicable law - The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gifts 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 Agency classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) 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 Agency in a manner consistent with the standard of prudence prescribed by UPMIFA.

Spending policy - The Agency has a policy of appropriating for distribution each year a payout equal to the total earnings from the funds.

Investment return objective, risk parameters and strategies - The objective of the Agency's endowment portfolio is a balanced approach between equities and fixed income securities. The investment horizon is long term and balances the need for income and growth. The portfolio allows for a 30% to 70% investment in equities and a 30% to 70% investment in fixed income.

A schedule of Endowment net asset composition by type of fund as of June 30 follows:

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	<u>\$ (82,651)</u>	<u>\$ -</u>	<u>\$ 459,455</u>	<u>\$ 376,804</u>

	2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	<u>\$ (10,519)</u>	<u>\$ -</u>	<u>\$ 434,328</u>	<u>\$ 423,809</u>

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 SUPMIFA requires the Agency to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, such deficiencies, which are reported in unrestricted net assets, were \$82,651 as of June 30, 2009 (\$10,519 as of June 30, 2008). This deficiency resulted from unfavorable market fluctuations.

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 14 - ENDOWMENT FUNDS (CONTINUED)

A schedule of changes in Endowment net assets follows for the years ended June 30:

	2009			
	Unrestricted (Deficit)	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2008	\$ (10,519)	\$ -	\$ 434,328	\$ 423,809
Contributions	-	-	25,127	25,127
Investment income	6,565	-	-	6,565
Net depreciation (realized and unrealized)	(63,435)	-	-	(63,435)
Amounts appropriated for expenditure	(15,262)	-	-	(15,262)
Endowment net assets, June 30, 2009	<u>\$ (82,651)</u>	<u>\$ -</u>	<u>\$ 459,455</u>	<u>\$ 376,804</u>
	2008			
	Unrestricted (Deficit)	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2007	\$ -	\$ 207,893	\$ 358,203	\$ 566,096
Contributions	-	-	76,125	76,125
Investment income	-	10,270	-	10,270
Net depreciation (realized and unrealized)	(10,519)	(21,547)	-	(32,066)
Amounts appropriated for expenditure	-	(196,616)	-	(196,616)
Endowment net assets, June 30, 2008	<u>\$ (10,519)</u>	<u>\$ -</u>	<u>\$ 434,328</u>	<u>\$ 423,809</u>

In 2008, the Board approved an additional distribution of \$176,125 from accumulated prior endowment earnings.

ADDITIONAL INFORMATION

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2009

	<u>NASHVILLE CLUBS</u>	<u>FRANKLIN CLUB</u>	<u>COMBINING ENTRIES</u>	<u>COMBINED</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 160,038	\$ 42,453	\$ -	\$ 202,491
Grant and contract receivables	11,512	-	-	11,512
Contributions receivable - operating	203,509	131,000	-	334,509
Prepaid expenses and deposits	18,676	-	-	18,676
Investments	376,804	-	-	376,804
Property and equipment - net	1,595,061	69,127	-	1,664,188
Capital campaign assets:				
Cash and cash equivalents	50,018	-	-	50,018
Contributions receivable - net	564,536	-	-	564,536
Investments	840,079	-	-	840,079
Membership rights - net	232,500	-	-	232,500
Beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee	13,355	-	-	13,355
Due from Franklin Club	212,084	-	(212,084)	-
TOTAL ASSETS	\$ 4,278,172	\$ 242,580	\$ (212,084)	\$ 4,308,668
<u>LIABILITIES AND NET ASSETS</u>				
<u>LIABILITIES</u>				
Accounts payable	\$ 103,713	\$ 3,326	\$ -	\$ 107,039
Accrued expenses	28,982	10,615	-	39,597
Deferred revenue	5,000	-	-	5,000
Capital lease payable	8,950	-	-	8,950
Obligation under line of credit	500,000	-	-	500,000
Notes payable	170,434	48,228	-	218,662
Due to Nashville Clubs	-	212,084	(212,084)	-
TOTAL LIABILITIES	817,079	274,253	(212,084)	879,248
<u>NET ASSETS</u>				
Unrestricted	1,416,762	(162,673)	-	1,254,089
Temporarily restricted	1,584,876	131,000	-	1,715,876
Permanently restricted	459,455	-	-	459,455
TOTAL NET ASSETS	3,461,093	(31,673)	-	3,429,420
TOTAL LIABILITIES AND NET ASSETS	\$ 4,278,172	\$ 242,580	\$ (212,084)	\$ 4,308,668

BOYS AND GIRLS CLUBS OF MIDDLE TENNESSEE, INC.

COMBINING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

	<u>NASHVILLE CLUBS</u>	<u>FRANKLIN CLUB</u>	<u>COMBINING ENTRIES</u>	<u>COMBINED</u>
SUPPORT AND REVENUE				
Public Support:				
Individual gifts and contributions	\$ 1,686,692	\$ 35,716	\$ -	\$ 1,722,408
Government grants and contracts	663,899	67,678	(36,961)	694,616
United Way grants, allocations and designations	26,780	104,544	-	131,324
Special events	267,524	210,452	-	477,976
Program service fees	114,572	60,226	-	174,798
Membership dues	5,865	5,536	-	11,401
Sales to members and public	202	-	-	202
Donated rent	13,600	19,300	-	32,900
Investment income (loss) - net	(41,125)	1,338	-	(39,787)
Other	46,962	10,988	(36,729)	21,221
Change in value of beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee	(3,406)	-	-	(3,406)
Loss on doubtful temporarily restricted contributions receivable	(62,000)	-	-	(62,000)
TOTAL SUPPORT AND REVENUE	<u>2,719,565</u>	<u>515,778</u>	<u>(73,690)</u>	<u>3,161,653</u>
EXPENSES				
Program Services:				
Comprehensive Youth Development	1,911,069	420,235	(36,961)	2,294,343
Supporting Services:				
Management and general	456,115	52,354	(36,729)	471,740
Fundraising	368,172	97,285	-	465,457
Fundraising - capital campaign	168,986	-	-	168,986
TOTAL EXPENSES	<u>2,904,342</u>	<u>569,874</u>	<u>(73,690)</u>	<u>3,400,526</u>
CHANGE IN NET ASSETS	<u>(184,777)</u>	<u>(54,096)</u>	<u>-</u>	<u>(238,873)</u>
NET ASSETS - BEGINNING OF YEAR	<u>3,645,870</u>	<u>22,423</u>	<u>-</u>	<u>3,668,293</u>
NET ASSETS - END OF YEAR	<u>\$ 3,461,093</u>	<u>\$ (31,673)</u>	<u>\$ -</u>	<u>\$ 3,429,420</u>