

BETHLEHEM CENTERS OF NASHVILLE

FINANCIAL STATEMENTS

June 30, 2009 and 2008

BETHLEHEM CENTERS OF NASHVILLE

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INDEPENDENT AUDITOR'S REPORT

Board of Directors of
Bethlehem Centers of Nashville
Nashville, Tennessee

We have audited the accompanying statements of financial position of Bethlehem Centers of Nashville (a nonprofit organization) as of June 30, 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 Bethlehem Centers of Nashville 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.

Frasier, Dean & Howard, PLLC

February 26, 2010

BETHLEHEM CENTERS OF NASHVILLE
STATEMENTS OF FINANCIAL POSITION
June 30, 2009 and 2008

	Assets	
	2009	2008
Current assets:		
Cash and cash equivalents	\$ 57,967	\$ 6,068
Investments	10,278	11,261
Accounts receivable	96,203	98,098
Unconditional promises to give	-	32,298
Prepaid expenses and other	12,174	1,050
Total current assets	176,622	148,775
Camp Dogwood renovations, net	25,700	53,355
Property and equipment, net	356,616	410,703
Total assets	\$ 558,938	\$ 612,833
Liabilities and Net Assets		
Current liabilities:		
Checks issued in excess of deposits	\$ -	\$ 14,319
Accounts payable and accrued expenses	126,256	96,764
Line of credit	-	239,167
Notes payable, current portion	147,309	-
Total current liabilities	273,565	350,250
Notes payable, less current portion	102,678	-
Total liabilities	376,243	350,250
Net assets:		
Unrestricted	142,381	182,370
Temporarily restricted	40,314	80,213
Total net assets	182,695	262,583
Total liabilities and net assets	\$ 558,938	\$ 612,833

See accompanying notes.

BETHLEHEM CENTERS OF NASHVILLE
STATEMENT OF ACTIVITIES
For the year ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions and grants	\$ 513,453	\$ 60,764	\$ 574,217
Program service fees	557,495	-	557,495
United Way	258,398	-	258,398
Federal and state awards	187,035	-	187,035
Sponsoring organization	42,708	-	42,708
Other	23,901	-	23,901
Special events and fundraising	10,565	-	10,565
	<u>1,593,555</u>	<u>60,764</u>	<u>1,654,319</u>
Net assets released from restrictions	<u>100,663</u>	<u>(100,663)</u>	<u>-</u>
Total support and revenue	<u>1,694,218</u>	<u>(39,899)</u>	<u>1,654,319</u>
Expenses:			
Program services:			
Child development	1,097,187	-	1,097,187
Youth development	221,231	-	221,231
Adult development	96,855	-	96,855
Community outreach	22,164	-	22,164
	<u>1,437,437</u>	<u>-</u>	<u>1,437,437</u>
Supporting services:			
Marketing and development	82,722	-	82,722
Management and general	214,048	-	214,048
	<u>296,770</u>	<u>-</u>	<u>296,770</u>
Total expenses	<u>1,734,207</u>	<u>-</u>	<u>1,734,207</u>
Change in net assets	(39,989)	(39,899)	(79,888)
Net assets at beginning of year	<u>182,370</u>	<u>80,213</u>	<u>262,583</u>
Net assets at end of year	<u><u>\$ 142,381</u></u>	<u><u>\$ 40,314</u></u>	<u><u>\$ 182,695</u></u>

See accompanying notes.

BETHLEHEM CENTERS OF NASHVILLE
STATEMENT OF ACTIVITIES
For the year ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Program service fees	\$ 593,406	\$ -	\$ 593,406
Contributions and grants	426,565	-	426,565
United Way	266,046	32,298	298,344
Federal and state awards	219,227	-	219,227
Other	45,840	-	45,840
Sponsoring organization	44,918	-	44,918
Special events and fundraising	2,000	-	2,000
	<u>1,598,002</u>	<u>32,298</u>	<u>1,630,300</u>
Net assets released from restrictions	<u>28,823</u>	<u>(28,823)</u>	<u>-</u>
Total support and revenue	<u>1,626,825</u>	<u>3,475</u>	<u>1,630,300</u>
Expenses:			
Program services:			
Child development	1,035,700	-	1,035,700
Youth development	232,363	-	232,363
Adult development	194,163	-	194,163
Community outreach	65,934	-	65,934
	<u>1,528,160</u>	<u>-</u>	<u>1,528,160</u>
Supporting services:			
Marketing and development	139,880	-	139,880
Management and general	202,707	-	202,707
	<u>342,587</u>	<u>-</u>	<u>342,587</u>
Total expenses	<u>1,870,747</u>	<u>-</u>	<u>1,870,747</u>
Change in net assets	(243,922)	3,475	(240,447)
Net assets at beginning of year	<u>426,292</u>	<u>76,738</u>	<u>503,030</u>
Net assets at end of year	<u>\$ 182,370</u>	<u>\$ 80,213</u>	<u>\$ 262,583</u>

See accompanying notes.

BETHLEHEM CENTERS OF NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2009

	Program Services				Total Program Services	Marketing and Development	Management and General	Total
	Child Development	Youth Development	Adult Development	Community Outreach				
Salaries	\$ 652,673	\$ 117,766	\$ 54,565	\$ 1,927	\$ 826,931	\$ 17,663	\$ 46,939	\$ 891,533
Payroll taxes and benefits	111,335	18,443	5,616	171	135,565	4,753	6,668	146,986
Total salaries and related expenses	764,008	136,209	60,181	2,098	962,496	22,416	53,607	1,038,519
Occupancy	123,733	18,100	7,387	357	149,577	3,587	35,543	188,707
Contract labor	31,290	35,515	3,511	150	70,466	50,571	865	121,902
Food	82,657	-	11,951	-	94,608	-	-	94,608
Supplies and materials	43,491	16,143	5,035	19,392	84,061	861	-	84,922
Insurance	21,010	3,700	1,635	57	26,402	609	7,866	34,877
Loss on disposal of asset	-	-	-	-	-	-	22,477	22,477
Other	5,197	853	377	13	6,440	513	13,571	20,524
Telephone	11,175	2,549	768	16	14,508	666	2,194	17,368
Interest	-	-	-	-	-	-	13,953	13,953
Travel	3,096	4,528	4,316	3	11,943	149	394	12,486
Professional fees	5,663	1,010	1,146	16	7,835	166	2,146	10,147
Printing and reproduction	3,589	949	362	56	4,956	2,767	1,269	8,992
Vehicles	2,105	375	186	6	2,672	62	798	3,532
Equipment rent and maintenance	173	1,300	-	-	1,473	-	100	1,573
Fundraising	-	-	-	-	-	355	-	355
Total nonpersonnel expenses	333,179	85,022	36,674	20,066	474,941	60,306	101,176	636,423
Total before depreciation	1,097,187	221,231	96,855	22,164	1,437,437	82,722	154,783	1,674,942
Depreciation	-	-	-	-	-	-	59,265	59,265
Total expenses	<u>\$1,097,187</u>	<u>\$ 221,231</u>	<u>\$ 96,855</u>	<u>\$ 22,164</u>	<u>\$1,437,437</u>	<u>\$ 82,722</u>	<u>\$ 214,048</u>	<u>\$1,734,207</u>

See accompanying notes.

BETHLEHEM CENTERS OF NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2008

	<u>Program Services</u>				<u>Total</u>	<u>Marketing</u>	<u>Management</u>	
	<u>Child</u>	<u>Youth</u>	<u>Adult</u>	<u>Community</u>	<u>Program</u>	<u>and</u>	<u>and General</u>	<u>Total</u>
	<u>Development</u>	<u>Development</u>	<u>Development</u>	<u>Outreach</u>	<u>Services</u>	<u>Development</u>		
Salaries	\$ 606,593	\$ 96,329	\$ 124,032	\$ 33,732	\$ 860,686	\$ 79,755	\$ 55,112	\$ 995,553
Payroll taxes and benefits	108,651	18,295	21,091	3,624	151,661	16,137	10,972	178,770
Total salaries and related expenses	715,244	114,624	145,123	37,356	1,012,347	95,892	66,084	1,174,323
Occupancy	111,361	19,533	19,924	5,634	156,452	13,355	47,219	217,026
Food	89,476	3,833	11,903	361	105,573	103	19	105,695
Contract labor	31,941	49,906	294	742	82,883	4,473	198	87,554
Supplies and materials	36,591	17,258	2,771	13,815	70,435	1,082	590	72,107
Other	12,881	2,035	2,315	1,317	18,548	2,915	5,442	26,905
Insurance	13,156	1,859	2,357	606	17,978	1,555	5,585	25,118
Travel	2,707	15,836	4,968	49	23,560	348	448	24,356
Professional fees	4,334	695	881	226	6,136	11,039	2,087	19,262
Telephone	8,892	1,577	1,674	258	12,401	623	2,231	15,255
Printing and reproduction	2,924	1,093	712	167	4,896	5,590	1,340	11,826
Interest expense	-	-	-	-	-	-	9,828	9,828
Equipment rent and maintenance	187	2,223	38	4,182	6,630	25	90	6,745
Vehicles	3,214	515	653	228	4,610	456	1,548	6,614
Conferences and meetings	2,508	1,348	139	99	4,094	1,169	140	5,403
Advertising	284	28	411	894	1,617	23	84	1,724
Fundraising	-	-	-	-	-	1,232	-	1,232
Total nonpersonnel expenses	320,456	117,739	49,040	28,578	515,813	43,988	76,849	636,650
Total before depreciation	1,035,700	232,363	194,163	65,934	1,528,160	139,880	142,933	1,810,973
Depreciation	-	-	-	-	-	-	59,774	59,774
Total expenses	<u>\$1,035,700</u>	<u>\$ 232,363</u>	<u>\$ 194,163</u>	<u>\$ 65,934</u>	<u>\$1,528,160</u>	<u>\$ 139,880</u>	<u>\$ 202,707</u>	<u>\$1,870,747</u>

See accompanying notes.

BETHLEHEM CENTERS OF NASHVILLE
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	\$ (79,888)	\$ (240,447)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	59,265	59,774
Unrealized loss	983	-
Loss on disposal of asset	22,477	-
Changes in operating assets and liabilities:		
Accounts receivable	1,895	17,932
Unconditional promises to give	32,298	(3,475)
Prepaid expenses and other	(11,124)	24,617
Accounts payable and accrued expenses	29,492	(2,485)
Net cash provided by (used in) operating activities	<u>55,398</u>	<u>(144,084)</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(45,267)
Purchase of investments	-	(4,799)
Net cash used in investing activities	<u>-</u>	<u>(50,066)</u>
Cash flows from financing activities:		
Net (payment on) proceeds from line of credit	(239,167)	198,816
Proceeds from note payable	306,442	-
Principal payments on note payable	(56,455)	(27,331)
Net cash provided by financing activities	<u>10,820</u>	<u>171,485</u>
Net increase (decrease) in cash and cash equivalents	66,218	(22,665)
Cash and cash equivalents at beginning of year	<u>(8,251)</u>	<u>14,414</u>
Cash and cash equivalents at end of year	<u>\$ 57,967</u>	<u>\$ (8,251)</u>
Included in the accompanying statements of financial position as follows:		
Cash and cash equivalents	\$ 57,967	\$ 6,068
Checks issued in excess of deposits	-	(14,319)
	<u>\$ 57,967</u>	<u>\$ (8,251)</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 13,953</u>	<u>\$ 9,828</u>

See accompanying notes.

BETHLEHEM CENTERS OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bethlehem Centers of Nashville (the “Organization”) is a not-for-profit corporation that provides programs designed to empower at-risk children and their families, including complete child care services and various educational, preventive and recreational programs. The Organization’s activities are funded from various sources. As a United Methodist Mission Agency, the Organization receives church-related funding and support as well as contributions from foundations and individuals. In addition, the Organization receives support from United Way and participates in grants and awards from governmental agencies and other organizations. A brief description of the Organization’s programs are as follows:

Child Development – serves children of at-risk families by providing quality child care, aftercare and reading programs.

Youth Development – serves at-risk youth by promoting self-esteem, team and job readiness/development, alcohol and drug prevention, and providing academic support and recreational activities.

Adult Development – serves adults of at-risk families by providing workforce development, serves homebound and disabled senior adults by providing meals, and serves senior adults with activities that promote health, wellness and empowerment.

Community Outreach – serves at-risk families by providing emergency food boxes, the Christmas Toy Store, educational programs, family counseling, internships, volunteer opportunities, information, advocacy, referrals, and the Family Resource Center.

Basis of Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Under generally accepted accounting principles, the Organization is required to report information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

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

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. 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.

BETHLEHEM CENTERS OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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 statements 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 permit the Organization to use all or part of the income earned for general or specific purposes. The Organization currently has no permanently restricted net assets.

Contributions which are restricted for specific programs are reflected as unrestricted revenue if the funds are received and spent during the same fiscal year.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all cash funds, cash bank accounts, and highly liquid debt instruments with an original maturity when purchased of three months or less to be cash and cash equivalents.

Accounts Receivable

Accounts receivable are reviewed periodically as to their collectibility. Based on collection experience and management's review, no allowance for doubtful accounts is considered necessary at June 30, 2009 and 2008.

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Management considered all unconditional promises to give to be collectible at June 30, 2008.

BETHLEHEM CENTERS OF NASHVILLE
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 recorded at cost. Expenditures for ordinary maintenance and repairs are charged to operations. 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 major classes of assets are as follows:

Building and improvements	25 – 40 years
Furniture and equipment	5 – 15 years
Vehicles	5 years

Income Taxes

The Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes has been made.

Donated Materials and Services

Donated materials and equipment, if any, are reflected as contributions in the accompanying statements at their estimated values upon receipt.

During the years ended June 30, 2009 and 2008, the value of contributed services meeting the requirements for recognition in the financial statements was not significant and has not been recorded. The Organization receives a significant amount of donated services from unpaid volunteers who assist in various activities.

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 asset for 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.

BETHLEHEM CENTERS OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Allocated Expenses

For purposes of the statements of functional expenses, certain expenses have been allocated between program and supporting services based on estimates made by management.

Advertising Costs

Advertising costs are generally expensed as incurred. Advertising expense totaled \$1,724 for the year ended June 30, 2008. The Organization did not incur any advertising expense during fiscal year 2009.

NOTE 2 – ACCOUNTS RECEIVABLE

At June 30, 2009 and 2008, accounts receivable consist of the following:

	<u>2009</u>	<u>2008</u>
Receivables related to governmental agencies – contracts and grants	\$ 96,203	\$ 97,348
Other	<u>-</u>	<u>750</u>
Accounts receivable	<u>\$ 96,203</u>	<u>\$ 98,098</u>

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give represents amounts which are receivable over a period of time. These receivables are deemed to be fully collectible by management and consist of the following at June 30:

	<u>2009</u>	<u>2008</u>
Receivable in less than one year	\$ -	\$ 32,298
Receivable in one to five years	<u>-</u>	<u>-</u>
Unconditional promises to give	<u>\$ -</u>	<u>\$ 32,298</u>

BETHLEHEM CENTERS OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE (Continued)

Unconditional promises to give are primarily from individuals located in the Middle Tennessee area that have made commitments to donate funds to the Organization through the United Way of Middle Tennessee.

NOTE 4 – CAMP DOGWOOD RENOVATIONS, NET

The Organization continues to maintain Camp Dogwood, a 200+ acre property located in Cheatham County, Tennessee. Camp Dogwood is owned by the Women's Division of the United Methodist Church and leased to the Organization to do mission work. Amounts capitalized for renovation efforts at June 30, 2009 and 2008 amounted to \$40,225 and \$77,687, respectively. Accumulated depreciation at June 30, 2009 and 2008 amounted to \$14,525 and \$24,332, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at June 30:

	<u>2009</u>	<u>2008</u>
Land	\$ 3,667	\$ 3,667
Buildings and improvements	1,046,937	1,046,937
Furniture and equipment	636,348	636,348
Vehicles	<u>75,044</u>	<u>75,044</u>
	1,761,996	1,761,996
Less accumulated depreciation	<u>(1,405,380)</u>	<u>(1,351,293)</u>
	<u>\$ 356,616</u>	<u>\$ 410,703</u>

NOTE 6 – LINE OF CREDIT

As of June 30, 2008 the Organization had a line of credit with a financial institution. Effective November 2008, the line of credit was renewed as a term note that had a balance outstanding of \$193,569 at June 30, 2009. See Notes 7 and 10 for terms of the note.

NOTE 7 – NOTES PAYABLE

Notes payable consists of the following at June 30:

	<u>2009</u>	<u>2008</u>
Note payable to bank – interest 5.75%, secured by accounts receivable plus deposits and investments maintained with the bank; matures November 2009.	\$ 193,569	\$ -

BETHLEHEM CENTERS OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008

NOTE 7 – NOTES PAYABLE (Continued)

	<u>2009</u>	<u>2008</u>
Note payable – State of Tennessee Department of Human Services; non-interest bearing; matured June 2009; Note was in default at June 30, 2009; subsequently paid in-full during October 2009.	33,000	-
Note payable to bank – interest 6.00%; secured by balances held by the bank and property; matures August 2013.	13,375	-
Note payable – financial insurance policy; interest 9.20%, matures December 2009.	<u>10,043</u>	<u>-</u>
	<u>\$ 249,987</u>	<u>\$ -</u>

Subsequent to year end, two notes payable were refinanced. Maturities of estimated principal payments, subsequent to the refinancing described in Note 10, are as follows:

Year ended	
<u>June 30,</u>	
2010	\$ 147,309
2011	31,597
2012	34,219
2013	24,199
2014	-
Thereafter	<u>12,663</u>
	<u>\$ 249,987</u>

NOTE 8 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are comprised of the following at June 30:

	<u>2009</u>	<u>2008</u>
Restricted contributions	\$ 40,314	\$ -
United Way designations	-	32,298
Camp Dogwood	<u>-</u>	<u>47,915</u>
Total	<u>\$ 40,314</u>	<u>\$ 80,213</u>

BETHLEHEM CENTERS OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008

NOTE 9 – CONCENTRATIONS AND COMMITMENTS

The Organization receives a substantial amount of its support through governmental fees and awards and from private foundations. A significant reduction in the level of this support, if it were to occur, could have a significant effect on the programs and services of the Organization.

NOTE 10 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through February 26, 2010, when these financial statements were available to be issued. Other than described below, we are 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.

In August of 2009, a local United Methodist church loaned the Organization \$100,000. The loan provided for interest at 2%, matured December 15, 2009, and was secured by land. On November 13, 2009, the Organization sold a parcel of land to the Women's Division of the United Methodist Church for \$250,000. \$100,000 of the proceeds from the sale were used to pay the loan due the United Methodist Church and the remaining \$150,000 is to be used at the Organization's discretion.

In August 2009, the \$13,375 note payable was refinanced as follows: interest at 6%, secured by balances held by the bank; repayment due August 2014.

In February 2010, the Organization refinanced its note payable to bank with a principal balance of \$193,569 at June 30, 2009. In connection with the refinancing, the Organization paid principal of \$77,098 and obtained a new note payable for \$100,000 that requires interest at 8% and is secured by substantially all assets of the Organization. The note requires 35 monthly payments of principal and interest with a final maturity of February 2013.

The estimated maturity of debt principal payments at Note 7 have been revised to include the refinanced note payable terms detailed above.