

**The Young Women's Christian
Association of the Hartford Region, Inc.
and Subsidiary**

Report on Consolidated Financial Statements

Years Ended December 31, 2010 and 2009

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

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Report of Independent Public Accountants

To the Board of Directors
The Young Women's Christian Association of the Hartford Region, Inc.

We have audited the accompanying consolidated statements of financial position of The Young Women's Christian Association of the Hartford Region, Inc. (a nonprofit organization) and Subsidiary as of December 31, 2010 and 2009, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended. These consolidated financial statements are the responsibility of The Young Women's Christian Association of the Hartford Region, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Young Women's Christian Association of the Hartford Region, Inc. and Subsidiary as of December 31, 2010 and 2009, and the changes in their net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2011 on our consideration of The Young Women's Christian Association of the Hartford Region, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

 J.H. Cohn LLP

Glastonbury, Connecticut
June 13, 2011

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE HARTFORD REGION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009**

ASSETS

	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	340,358	\$ 391,352
Short-term investments	186,239	185,486
Contributions and grants receivable	262,921	185,063
Accounts receivable, net of allowance for doubtful accounts of \$16,164 and \$32,202	80,901	88,274
Prepaid expenses	107,073	92,696
Investments to be used for operations	475,544	509,196
Accrued interest income	5,984	470
	<u>1,459,020</u>	<u>1,452,537</u>
Property and equipment:		
Buildings and improvements	6,950,904	6,898,652
Furniture and fixtures	904,307	882,378
Computer equipment	527,944	553,514
	<u>8,383,155</u>	<u>8,334,544</u>
Less accumulated depreciation	<u>(5,451,615)</u>	<u>(5,212,340)</u>
	<u>2,931,540</u>	<u>3,122,204</u>
Land	1,259,218	1,259,218
	<u>4,190,758</u>	<u>4,381,422</u>
Other assets:		
Investments	9,726,523	8,702,396
Investment in limited partnership	100	100
Beneficial interest in third-party trusts	2,541,180	2,524,666
	<u>12,267,803</u>	<u>11,227,162</u>
Total assets	<u>\$ 17,917,581</u>	<u>\$ 17,061,121</u>

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE HARTFORD REGION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009**

LIABILITIES AND NET ASSETS

	<u>2010</u>	<u>2009</u>
Current liabilities:		
Line of credit	\$ 850,000	\$ 850,000
Accounts payable	145,280	200,830
Accrued expenses	228,198	196,202
Current portion of long-term debt	77,764	71,633
Deferred revenue	151,088	170,345
	<u>1,452,330</u>	<u>1,489,010</u>
Long-term liabilities:		
Long-term debt, net of current portion	<u>327,843</u>	<u>405,565</u>
Total liabilities	<u>1,780,173</u>	<u>1,894,575</u>
Commitments and contingencies		
Net assets:		
Unrestricted:		
Designated for buildings and equipment	3,785,584	3,904,224
Funds functioning as endowment	24,873	10,845
Undesignated	(761,702)	(868,699)
Total unrestricted	<u>3,048,755</u>	<u>3,046,370</u>
Temporarily restricted:		
Contributions/grants	187,229	187,306
Funds functioning as purpose restricted	295,023	252,685
Funds functioning as endowment	6,674,360	5,764,658
Total temporarily restricted	<u>7,156,612</u>	<u>6,204,649</u>
Permanently restricted:		
Endowment	3,390,861	3,390,861
Beneficial interest in third-party trusts	2,541,180	2,524,666
Total permanently restricted	<u>5,932,041</u>	<u>5,915,527</u>
Total net assets	<u>16,137,408</u>	<u>15,166,546</u>
Total liabilities and net assets	<u>\$ 17,917,581</u>	<u>\$ 17,061,121</u>

See Notes to Consolidated Financial Statements.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
Changes in unrestricted net assets:		
Revenues, grants and other support:		
Program and activity fees	\$ 2,505,911	\$ 2,103,643
Governmental grants	1,104,110	1,160,688
Non-governmental grants	145,098	124,553
Contributions	54,045	60,558
Special events	478,653	378,408
Investment income - perpetual trusts	80,623	69,086
Membership dues	23,355	21,254
Miscellaneous income	47,722	11,637
Total unrestricted revenues, grants and other support	4,439,517	3,929,827
Net assets released from purpose restrictions	282,611	293,809
Net assets released from endowment	509,194	857,861
Total unrestricted revenues, grants and other support	5,231,322	5,081,497
Expenses:		
Child care services	2,781,474	2,708,587
Housing	507,380	520,924
Teen services	119,156	131,365
Adult services	266,215	149,095
Camp property	20,926	21,828
Community facilities	140,132	-
135 Broad Street facilities	-	122,367
Administration	713,828	893,381
Membership and marketing	37,192	26,756
Fundraising	406,036	433,718
Total expenses	4,992,339	5,008,021
Change in unrestricted net assets from operations	238,983	73,476
Other changes in unrestricted net assets:		
Net assets released from purpose restrictions	26,767	110,862
Net assets released from endowment	-	67,265
In-kind property	16,000	
Dividend and interest income	20,198	2,544
Depreciation expense	(299,563)	(290,008)
Total other changes in unrestricted net assets	(236,598)	(109,337)
Change in unrestricted net assets	\$ 2,385	\$ (35,861)

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Changes in temporarily restricted net assets:		
Contributions and non-governmental grants	309,300	224,701
Dividends and interest	329,463	288,856
Investment fees	(20,352)	(18,891)
Net realized and unrealized gain on investments	1,152,124	1,718,336
Net assets released from purpose restrictions	(309,378)	(404,671)
Net assets released from endowment	(509,194)	(925,126)
Change in temporarily restricted net assets	<u>951,963</u>	<u>883,205</u>
Changes in permanently restricted net assets:		
Change in value of beneficial interest in third-party trusts	<u>16,514</u>	<u>300,322</u>
Change in net assets	970,862	1,147,666
Net assets, beginning of year	<u>15,166,546</u>	<u>14,018,880</u>
Net assets, end of year	<u>\$ 16,137,408</u>	<u>\$ 15,166,546</u>

See Notes to Consolidated Financial Statements.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
Operating activities:		
Change in net assets	\$ 970,862	\$ 1,147,666
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gain on investments	(1,152,124)	(1,718,336)
Change in value of beneficial interest in third-party trusts	(16,514)	(300,322)
Depreciation expense	299,563	290,008
In-kind equipment donation	(16,000)	-
Changes in operating assets and liabilities:		
Contributions and grants receivable	(77,858)	93,544
Accounts receivable	7,373	4,496
Prepaid expenses	(14,377)	(20,950)
Accrued interest income	(5,514)	23,466
Accounts payable	(55,550)	(109)
Accrued expenses	31,996	43,618
Deferred revenue	(19,257)	48,276
Net cash used in operating activities	(47,400)	(388,643)
Investing activities:		
Purchases of short-term investments	(753)	(316,425)
Purchases of investments	(596,583)	-
Proceeds from sales of investments	758,232	925,127
Purchase of property and equipment	(92,899)	(154,810)
Net cash provided by investing activities	67,997	453,892
Financing activities:		
Payments on long-term debt	(71,591)	(67,266)
Net cash used in financing activities	(71,591)	(67,266)
Net decrease in cash and cash equivalents	(50,994)	(2,017)
Cash and cash equivalents at beginning of year	391,352	393,369
Cash and cash equivalents at end of year	\$ 340,358	\$ 391,352
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ 47,902	\$ 60,912
Supplemental disclosure of investing activities:		
The Organization disposed of fully depreciated fixed assets of \$60,288 during 2010.		

See Notes to Consolidated Financial Statements.

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF THE HARTFORD REGION, INC. AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2010
(With Comparative Totals for 2009)**

	Child Care Services	Housing	Teen Services	Adult Services	Camp Property	Community Facilities	Total Programs	Administration	Membership and Marketing	Fund- Raising	2010 Total	2009 Total
Salaries	\$ 1,766,361	\$ 75,586	\$ 57,133	\$ 144,173	\$ 4,351	\$ 22,980	\$ 2,070,584	\$ 422,237	\$ 9,508	\$ 102,654	\$ 2,604,983	\$ 2,606,744
Employee benefits	283,149	13,144	8,200	16,948	157	7,822	329,420	69,050	996	14,175	413,641	428,224
Payroll taxes	176,451	6,239	5,200	12,201	337	2,181	202,609	33,900	711	9,421	246,641	227,506
Total salaries and related expenses	<u>2,225,961</u>	<u>94,969</u>	<u>70,533</u>	<u>173,322</u>	<u>4,845</u>	<u>32,983</u>	<u>2,602,613</u>	<u>525,187</u>	<u>11,215</u>	<u>126,250</u>	<u>3,265,265</u>	<u>3,262,474</u>
Occupancy	356,198	59,465	9,502	28,950	15,697	100,476	570,288	63,065	2,085	14,294	649,732	621,870
Professional fees and contract services	20,603	338,939	19,661	35,691	-	1,233	416,127	65,248	5,889	126,677	613,941	636,282
Supplies	97,418	7,010	7,939	12,433	301	3,603	128,704	8,691	5,935	66,061	209,391	212,788
Telephone	16,736	3,038	581	693	-	1,688	22,736	2,463	83	909	26,191	28,424
Local transportation	6,065	109	3,699	101	44	55	10,073	377	-	24	10,474	9,670
Staff training and conferences	15,223	653	573	1,406	-	94	17,949	3,385	19	353	21,706	22,060
Printing and publicity	8,370	1,500	64	4,059	-	-	13,993	1,400	8,424	49,408	73,225	62,058
Interest expense	5,828	-	-	-	-	-	5,828	11,544	-	-	17,372	25,560
Postage and shipping	1,617	61	137	509	-	-	2,324	2,063	2,116	2,767	9,270	9,378
Regional support	-	-	-	-	-	-	-	20,004	-	-	20,004	17,502
Miscellaneous and other	27,455	1,636	6,467	9,051	39	-	44,648	10,401	1,426	19,293	75,768	99,955
Total expenses before depreciation	<u>2,781,474</u>	<u>507,380</u>	<u>119,156</u>	<u>266,215</u>	<u>20,926</u>	<u>140,132</u>	<u>3,835,283</u>	<u>713,828</u>	<u>37,192</u>	<u>406,036</u>	<u>4,992,339</u>	<u>5,008,021</u>
Depreciation	73,276	27,063	1,350	1,349	12,120	175,847	291,005	5,774	483	2,301	299,563	290,008
Total functional expenses	<u>\$ 2,854,750</u>	<u>\$ 534,443</u>	<u>\$ 120,506</u>	<u>\$ 267,564</u>	<u>\$ 33,046</u>	<u>\$ 315,979</u>	<u>\$ 4,126,288</u>	<u>\$ 719,602</u>	<u>\$ 37,675</u>	<u>\$ 408,337</u>	<u>\$ 5,291,902</u>	<u>\$ 5,298,029</u>

See Notes to Consolidated Financial Statements.

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF THE HARTFORD REGION, INC. AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009**

	Child Care Services	Housing	Teen Services	Adult Services	Camp Property	Total Programs	135 Broad Street Facilities	Administration	Membership and Marketing	Fund- Raising	2009 Total
Salaries	\$ 1,772,159	\$ 76,300	\$ 81,443	\$ 66,572	\$ 4,366	\$ 2,000,840	\$ 26,571	\$ 441,802	\$ 7,554	\$ 129,977	\$ 2,606,744
Employee benefits	298,021	14,040	9,019	8,117	208	329,405	7,316	77,704	1,633	12,166	428,224
Payroll taxes	160,720	6,042	6,893	5,612	356	179,623	2,356	34,311	681	10,535	227,506
Total salaries and related expenses	<u>2,230,900</u>	<u>96,382</u>	<u>97,355</u>	<u>80,301</u>	<u>4,930</u>	<u>2,509,868</u>	<u>36,243</u>	<u>553,817</u>	<u>9,868</u>	<u>152,678</u>	<u>3,262,474</u>
Occupancy	276,297	55,869	11,135	22,937	16,554	382,792	80,150	146,045	54	12,829	621,870
Professional fees and contract services	25,783	356,438	8,168	24,456	-	414,845	327	105,706	3,547	111,857	636,282
Supplies	101,293	7,038	6,450	6,750	262	121,793	3,903	9,523	2,309	75,260	212,788
Telephone	18,526	2,630	608	538	-	22,302	1,504	3,372	72	1,174	28,424
Local transportation	6,544	50	2,628	12	62	9,296	188	168	-	18	9,670
Staff training and conferences	13,896	319	942	1,834	-	16,991	50	4,352	132	535	22,060
Printing and publicity	7,590	1,500	40	3,324	-	12,454	-	340	7,852	41,412	62,058
Interest expense	7,234	-	-	-	-	7,234	-	18,326	-	-	25,560
Postage and shipping	1,682	46	146	224	-	2,098	2	2,530	1,126	3,622	9,378
Regional support	-	-	-	-	-	-	-	17,502	-	-	17,502
Miscellaneous and other	18,842	652	3,893	8,719	20	32,126	-	31,700	1,796	34,333	99,955
Total expenses before depreciation	<u>2,708,587</u>	<u>520,924</u>	<u>131,365</u>	<u>149,095</u>	<u>21,828</u>	<u>3,531,799</u>	<u>122,367</u>	<u>893,381</u>	<u>26,756</u>	<u>433,718</u>	<u>5,008,021</u>
Depreciation	<u>73,199</u>	<u>31,439</u>	<u>1,717</u>	<u>1,097</u>	<u>13,126</u>	<u>120,578</u>	<u>159,460</u>	<u>6,547</u>	<u>636</u>	<u>2,787</u>	<u>290,008</u>
Total functional expenses	<u>\$ 2,781,786</u>	<u>\$ 552,363</u>	<u>\$ 133,082</u>	<u>\$ 150,192</u>	<u>\$ 34,954</u>	<u>\$ 3,652,377</u>	<u>\$ 281,827</u>	<u>\$ 899,928</u>	<u>\$ 27,392</u>	<u>\$ 436,505</u>	<u>\$ 5,298,029</u>

See Notes to Consolidated Financial Statements.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and summary of significant accounting policies:

Nature of activities:

The Young Women's Christian Association of the Hartford Region, Inc. (the "Organization") was formed in 1966 through the merger of The Young Women's Christian Association of Hartford and The Young Women's Christian Association of Hartford County, Inc., the origins of which go back to 1867. The Organization, as part of a worldwide membership organization, is dedicated to eliminating racism, empowering women, and promoting peace, justice, freedom and dignity for all. The Organization provides mission-based programs that respond to needs in the community.

Principles of consolidation:

The consolidated financial statements present the consolidated financial position and changes in net assets and cash flows of the Organization and the following wholly-owned entity:

Soromundi Housing, Inc. - is a for-profit corporation that owns a .01% general partnership interest in Soromundi Commons Limited Partnership. The partnership was formed to provide accommodations and supportive services for up to 71 low-income individuals in the Hartford area.

All significant intercompany accounts and transactions are eliminated in consolidation.

The Organization and Soromundi Housing, Inc. are collectively referred to as "the Association."

The for-profit subsidiary follows the accounting guidance for consolidation of variable interest entities. The Association has evaluated its relationship with Soromundi Commons Limited Partnership and has determined that it is not required to consolidate this entity into its financial statements because the Association is not the primary beneficiary. Even if a reporting entity is not obligated to consolidate a variable interest entity ("VIE"), certain disclosures must be made if the reporting entity has a significant variable interest in the VIE.

Basis of presentation:

The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. They are described as follows:

Unrestricted - These represent resources that may be expended at the discretion of the Board of Directors. Undesignated net assets represent the portion of expendable funds that is available for support of operations. Designated net assets represent reserves or special designations established by the Board of Directors, including investments in buildings and equipment, net of related mortgages.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and summary of significant accounting policies (continued):

Basis of presentation (concluded):

Temporarily Restricted - These represent resources that have purpose or time restrictions imposed by donor, grantor or law. The Association has identified two categories of temporarily restricted net assets: funds functioning as endowment, which represents investment income from permanently restricted net assets, and nongovernmental grants and contributions with purpose or time restrictions.

Permanently Restricted - These represent resources that have donor imposed restrictions stipulating that resources be maintained permanently but permit the Association to expend the income derived from the donated assets. These permanently restricted net assets include the Association's proportionate share of the principal amount of irrevocable trusts with outside trustees for which the Association is an income beneficiary.

Expenses are reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

The consolidated statements of activities present revenue from operations separately from non-operating activities. For purposes of the consolidated statement of activities, operations are defined as revenue and expenses from governmental contracts, child care operations, membership activities, along with the facilities and administrative expenses. All other revenue and expenses (primarily investment results, in-kind contributions, depreciation and any gains or losses on disposal of assets) are classified as non-operating activities. Amounts allocated through the annual endowment spending policy are classified as operations and additional amounts appropriated by the Board of Directors from the endowment are classified based on the use of the funds. This basis of presentation reflects the Association's management philosophy throughout the year.

Cash and cash equivalents:

For purposes of the consolidated statements of cash flows, the Association considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash equivalent balances at December 31, 2010 and 2009 are \$34,473 and \$34,390, respectively.

Allowance for receivables:

Allowances for accounts receivable and contributions and grants receivable are determined by management based on an assessment of their collectibility. Management considers past history, current economic conditions, collection trends and overall viability of the third party. Receivables are written off only when management believes amounts will not be collected and when all attempts to collect from individuals or other payor sources have been exhausted. Receivables are considered past due based on the invoice or pledge date.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and summary of significant accounting policies (continued):

Investments:

Investments in equity securities with readily determinable fair values and investments in debt securities are carried at fair value in the consolidated statements of financial position. Realized and unrealized gains and losses on these investments are reported in the consolidated statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Non-monetary investments received as gifts are immediately sold and recorded at their realized value.

Short-term investments represent certificates of deposit with a maturity of greater than 90 days but less than one year. The certificates of deposit are measured at amortized cost.

The investment in the limited partnership is recorded at cost.

Legacies, bequests and trust funds:

The Association is one of several income beneficiaries of five irrevocable testamentary or inter vivo trusts. The Association regularly receives income distributions from the trusts, except from the charitable remainder unitrusts. The income distributions are recorded as investment income - perpetual trusts on the consolidated statements of activities. Income received with respect to these trusts was \$80,623 and \$69,086 for the years ended December 31, 2010 and 2009, respectively. The principal is controlled by trustees independent of the Association. The Association has recorded its proportionate share of the present value of the future income stream from such trusts, generally equal to the current value of principal, as permanently restricted net assets.

The Association's policy in recent years has been to transfer unrestricted bequests of more than \$15,000 to the funds functioning as endowment designation unless the Board of Directors votes to add them to another fund. The accumulated amount of such additions and any accumulated income and gains is reported as unrestricted net assets in the consolidated statements of financial position and, correspondingly, as changes in unrestricted net assets in the consolidated statements of activities.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and summary of significant accounting policies (continued):

Property and equipment:

The Association capitalizes all expenditures for property and equipment in excess of \$1,000 with a useful life of greater than three years. Purchased property and equipment are carried at cost. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Estimated useful lives for financial reporting purposes are as follows:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	5 - 40 years
Furniture and fixtures	5 - 25 years
Computer equipment	5 years

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the change in net assets for the period.

Gifts of long-lived assets:

The Association reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions of acquired long-lived assets when placed in service.

Cost settlement:

The Association is subject to cost settlement procedures prescribed by various agencies of the State of Connecticut. Management has estimated no cost settlement for the years ended December 31, 2010 and 2009.

Revenue recognition:

Pledges and contributions:

Contributions and pledges are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions when a valid contribution or pledge is made. Support (including investment income) that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and summary of significant accounting policies (continued):

Program and activity fees:

Program and activity fees include revenue received for childcare services, after-school programs and camp. The Association recognizes the revenue from these services when earned, which is when the services are performed. Amounts received in advance of earning these revenues are recorded as deferred revenue.

Grants and contracts:

Other than certain awards to fund capital expenditures, governmental grants and contracts are generally considered to be exchange transactions rather than contributions. Revenue from cost reimbursement grants and contracts is recognized to the extent of costs incurred. Revenue from performance based grants and contracts is recognized to the extent of performance achieved. Grant and contract receipts in excess of revenue recognized are presented as deferred revenue.

Contributed services:

The Association pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the organization with specific assistance programs and various committee assignments. No amounts have been recorded in the consolidated financial statements for these donated volunteer services since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of time in the governance and fundraising efforts of the Association.

Functional expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The Association owns Unit Y of the Soromundi Commons Condominium at 135 Broad Street. The current primary use of Unit Y is to house administrative and some program staff offices of the Association. In addition, Unit Y is occupied by other nonprofit entities. The column labeled community facilities in the consolidated statement of functional expenses reflects the cost of maintaining the portion of Unit Y that is occupied by other nonprofit entities. In 2009, the column labeled 135 Broad Street Facilities in the consolidated statements of functional expenses reflects the excess cost of Unit Y and is calculated as the difference between the net cost of operating the facility and the estimated expense if the Association were to rent required office space at prevailing market rates for similar space.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and summary of significant accounting policies (continued):

Spending policy:

The Association has adopted an annual endowment spending policy that is specifically designed to stabilize annual spending levels and to preserve the real value of the investment portfolio over time. To meet these objectives, the Association utilizes a total return investment approach which emphasizes total investment return, consisting of investment income and realized and unrealized gains or losses. Under the Association's investment spending policy, the maximum amount of investment return designated for current operations in a fiscal year shall not exceed 5% of the trailing 12-quarter moving average.

During 2009, an additional \$378,528 of investment income was approved by the Board of Directors to fund operations and long-term debt principal repayments, respectively. An additional \$200,000 of investment income was approved by the Board of Directors in 2008 to use as an internal loan from the temporarily restricted endowment to fund construction costs. This amount will be paid back in installments through approximately October 2016. During 2010, \$30,000 was paid back to the temporarily restricted endowment of which \$24,608 was principal and \$5,392 was interest. During 2009, \$30,000 was paid back to the temporarily restricted endowment of which \$20,499 was principal and \$9,501 was interest.

Tax exempt status:

The Association was organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and, as such, is not subject to Federal or state corporate income taxes.

The Association has no unrecognized tax benefits at December 31, 2010 and 2009. The Association's U.S. Federal information returns prior to calendar year 2007 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the Association had unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the consolidated statements of financial position.

Use of estimates:

The preparation of the consolidated 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.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and summary of significant accounting policies (concluded):

Subsequent events:

The Association has evaluated subsequent events through June 13, 2011, which is the date the consolidated financial statements were available to be issued.

Note 2 - Investment in limited partnership - Soromundi Commons:

The Organization has established a subsidiary corporation, Soromundi Housing, Inc., which is the general partner in the limited partnership, Soromundi Commons Limited Partnership. Soromundi Housing, Inc. has a .01% ownership interest in Soromundi Commons Limited Partnership, which is accounted for under the cost method. In order to secure financing for the renovation of the housing tower, the Organization divided its facility at 135 Broad Street into three condominium units collectively known as the Soromundi Commons Condominium. Unit H, which is comprised of most of the housing tower, is owned by Soromundi Commons Limited Partnership. Units Y and S, which are comprised of the remaining space at 135 Broad Street, continue to be owned by the Organization.

The Organization is contingently liable for the satisfaction of all liabilities of Soromundi Commons Limited Partnership. Summarized audited financial data for Soromundi Commons Limited Partnership as of December 31, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Assets	\$7,625,532	\$7,804,970
Liabilities	4,409,772	4,373,410
Partners' capital	<u>\$3,215,760</u>	<u>\$3,431,560</u>
Revenues	\$ 374,575	\$ 373,893
Expenses	590,375	551,165
Net loss	<u>\$ (215,800)</u>	<u>\$ (177,272)</u>

Construction on Soromundi Commons was completed in June 2005. The housing tower provides accommodations and supportive services for up to 71 low-income individuals. It includes 48 units of supportive housing (Unit H) and a 23-bed capacity emergency shelter for women (Unit S). The 48 units are reflected on the books of Soromundi Commons Limited Partnership and the 23-bed shelter is reflected in these consolidated financial statements.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 - Investments:

Investments are recorded at their fair market value. Non-monetary investments received as gifts are immediately sold and recorded at the realized value. The following summarizes the relationship between the cost and market values:

	2010		Unrealized Gain (Loss)
	Cost	Market	
Marketable equity securities	\$ 5,588,537	\$ 7,278,591	\$ 1,690,054
Corporate bonds	2,501,921	2,511,152	9,231
Money market funds	298,989	299,025	36
Real estate investment trust	207,528	113,299	(94,229)
Certificates of deposit	186,239	186,239	-
Total, end of year	<u>\$ 8,783,214</u>	<u>\$ 10,388,306</u>	<u>\$ 1,605,092</u>
	2009		Unrealized Gain (Loss)
	Cost	Market	
Marketable equity securities	\$ 5,118,048	\$ 6,162,856	\$ 1,044,808
Corporate bonds	2,427,733	2,428,363	630
Money market funds	285,562	285,601	39
Real estate investment trust	443,049	334,772	(108,277)
Certificates of deposit	185,486	185,486	-
Total, end of year	<u>\$ 8,459,878</u>	<u>\$ 9,397,078</u>	<u>\$ 937,200</u>
Total, net unrealized gain for the year ended			<u>\$ 667,892</u>

Note 4 - Fair value measurements:

The Association values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy was established that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Fair value measurements (continued):

In determining fair value, the Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Financial assets carried at fair value at December 31, 2010 are classified in the table below in one of the three categories described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Marketable equity securities:				
U.S. large cap	\$ 2,898,923	\$ -	\$ -	\$ 2,898,923
U.S. mid cap	1,796,582	-	-	1,796,582
U.S. small cap	646,252	-	-	646,252
International developed	1,218,292	-	-	1,218,292
Emerging markets	456,141	-	-	456,141
Total return institutional funds	262,401	-	-	262,401
Corporate bonds:				
Investment grade taxable	2,272,099	-	-	2,272,099
Global high yield taxable	239,053	-	-	239,053
Money market funds	-	299,025	-	299,025
Real estate investment trust	113,299	-	-	113,299
Perpetual trusts	-	-	2,541,180	2,541,180
Total assets at fair value	<u>\$ 9,902,042</u>	<u>\$ 299,025</u>	<u>\$ 2,541,180</u>	<u>\$ 12,743,247</u>

Financial assets carried at fair value at December 31, 2009 are classified in the table below in one of the three categories described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Marketable equity securities:				
U.S. large cap	\$ 2,376,465	\$ -	\$ -	\$2,376,465
U.S. mid cap	1,747,790	-	-	1,747,790
U.S. small cap	669,118	-	-	669,118
International developed	1,006,851	-	-	1,006,851
Emerging markets	362,632	-	-	362,632
Corporate bonds:				
Investment grade taxable	-	2,193,872	-	2,193,872
Global high yield taxable	-	234,491	-	234,491
Money market funds	-	285,601	-	285,601
Real estate investment trust	334,772	-	-	334,772
Perpetual trusts	-	-	2,524,666	2,524,666
Total assets at fair value	<u>\$ 6,497,628</u>	<u>\$2,713,964</u>	<u>\$ 2,524,666</u>	<u>\$ 11,736,258</u>

The following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodology used at December 31, 2010 and 2009.

Marketable equity securities are listed on a national securities exchange or reported on the NASDAQ National Market and are valued at their last sales price on the valuation date.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Fair value measurements (concluded):

Money market funds valuations are obtained from readily-available pricing sources for comparable instruments. The corporate bonds are valued using market price quotations (where observable), recently executed transactions of the issuer, or bond spreads. If fundamental data does not reference the issuer, then data that references a comparable issuer is used.

The perpetual trusts are stated at fair value by evaluating the fair values of the underlying assets of these trusts.

Changes in assets measured at fair value using Level 3 inputs for the years ended December 31, 2010 and 2009 are as follows:

Balance as of December 31, 2008	\$2,224,344
Net realized and unrealized gain	369,408
Disbursements	(69,086)
Balance as of December 31, 2009	<u>\$2,524,666</u>

Balance as of December 31, 2009	\$2,524,666
Net realized and unrealized gain	97,137
Disbursements	(80,623)
Balance as of December 31, 2010	<u>\$2,541,180</u>

Note 5 - Long-term debt:

Long-term debt as of December 31, 2010 and 2009 consists of the following:

	<u>2010</u>	<u>2009</u>
Mortgage note payable at 6.75% to Wells Fargo, with monthly installments of principal and interest of \$7,435 with a final maturity on October 27, 2014, secured by Unit Y of the property located at 135 Broad Street, Hartford, Connecticut.	\$ 300,054	\$ 366,262
Mortgage note payable at 7.00% to Trustees of Truck Drivers, Chauffeurs, Warehousemen and Helpers Union No. 671, with monthly installments of principal and interest of \$1,116 with a balloon payment of \$128,739 originally due May 7, 2006. During 2006, this balloon payment was extended to May 7, 2011. During 2011, this balloon payment was extended to May 7, 2016, (see subsequent event note 13). This mortgage is secured by a building at 7-9 Signor Street, East Hartford, Connecticut.	<u>105,553</u>	<u>110,936</u>
	<u>405,607</u>	<u>477,198</u>
Less current portion	<u>(77,764)</u>	<u>(71,633)</u>
	<u>\$ 327,843</u>	<u>\$ 405,565</u>

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 - Long-term debt (concluded):

Future maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	
2011	\$ 77,764
2012	83,669
2013	89,593
2014	80,977
2015	9,500
And thereafter	64,104
	<u>\$ 405,607</u>

Interest expense for mortgage notes payable, which is included in occupancy expense, was \$30,592 and \$35,352 for the years ended December 31, 2010 and 2009, respectively.

Note 6 - Lines of credit:

The Association entered into a commercial line of credit agreement with Bank of America in June 2007. The borrowing limit on this line of credit is \$850,000. There is no set expiration date and Bank of America may terminate the agreement at any time. All borrowings bear interest at the three-month LIBOR rate plus 1.0% (effective rate - 1.3% at December 31, 2010) and are collateralized by one of the Associations investment portfolios held by Bank of America. The portfolio has a value of \$1,155,695 at December 31, 2010. The total outstanding borrowings on this line of credit agreement was \$850,000 at both December 31, 2010 and 2009.

The Association also entered into a commercial line of credit agreement with Sovereign Bank. The borrowing limit on this line of credit is \$250,000. The note is subject to an annual review by the bank. All borrowings bear interest at the bank's prime rate less .5% (effective rate - 2.75% at December 31, 2010) and are due on demand. There were no outstanding borrowings on this line of credit agreement at December 31, 2010 and 2009.

Interest expense for the lines of credit were \$17,372 and \$25,560 for the years ended December 31, 2010 and 2009, respectively.

Note 7 - Operating leases:

Equipment:

The Association leases various office equipment under noncancelable operating leases. The Association is responsible for all insurance and maintenance of the office equipment. The lease terms require total monthly payments ranging from \$112 to \$355 and expire at various times through September 2013.

Real estate:

The Association leases program facilities and office space, and is responsible for maintenance, insurance and utilities, as defined in the lease agreements. The monthly lease payments range from \$300 - \$4,389 and expire at various times through June 2012.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Operating leases (concluded):

Real estate (concluded):

Total lease expense from all operating leases amounted to \$134,487 and \$135,758 for the years ended December 31, 2010 and 2009, respectively. At December 31, 2010, aggregate future minimum rental payments due under noncancelable operating leases consisted of the following:

<u>Year Ending December 31,</u>	
2011	\$ 71,605
2012	25,533
2013	3,110
	<u>\$ 100,248</u>

Note 8 - Temporarily restricted net assets:

Temporarily restricted net assets are available for the following purposes as of December 31, 2010 and 2009:

	2010	2009
Time Out for Parents	\$ 94,367	\$ 49,000
Child care	42,350	44,906
Economic Empowerment	21,085	-
Young Women's Leadership Corps (YWLC)	15,267	33,525
Capacity building	8,279	27,237
Energy improvements	5,881	32,638
	187,229	187,306
Investments: purpose restricted	295,023	252,685
Investments: functioning as endowment	6,674,360	5,764,658
	\$ 7,156,612	\$ 6,204,649

Temporarily restricted net assets were released from restrictions by incurring expenses satisfying the following purpose restrictions during the years ended December 31, 2010 and 2009:

	2010	2009
Time Out for Parents	\$ 127,533	\$ 84,400
Child care	75,758	96,426
Economic Empowerment	13,915	-
Young Women's Leadership Corps (YWLC)	46,458	37,359
Capacity building	18,957	67,624
Energy improvements	26,757	110,862
Shelter	-	8,000
	\$ 309,378	\$ 404,671

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 - Endowment:

The Association's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act ("CTUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by CTUPMIFA. In accordance with CTUPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the Association and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Association, and (7) the Association's investment policies.

The Association has adopted investment and spending policies for endowment assets that attempt to provide a reasonably predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. It is recognized that short-term market fluctuations may cause variations in account performance.

To satisfy its long-term rate of return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 - Endowment (continued):

Changes in endowment net assets for the years ended December 31, 2010 and 2009 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2009	\$ -	\$ 4,954,168	\$ 3,390,861	\$ 8,345,029
Investment income, net of fees	10,845	269,965	-	280,810
Net realized and unrealized appreciation	-	1,718,336	-	1,718,336
Amounts appropriated for expenditures	-	(925,126)	-	(925,126)
Endowment net assets, end of year, December 31, 2009	10,845	6,017,343	3,390,861	9,419,049
Investment income, net of fees	14,028	309,110	-	323,138
Net realized and unrealized appreciation	-	1,152,124	-	1,152,124
Amounts appropriated for expenditures	-	(509,194)	-	(509,194)
Endowment net assets, end of year, December 31, 2010	<u>\$ 24,873</u>	<u>\$ 6,969,383</u>	<u>\$ 3,390,861</u>	<u>\$10,385,117</u>

Donor-restricted endowment funds classified as permanently restricted net assets as of December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
General purposes	<u>\$ 3,216,110</u>	<u>\$ 3,216,110</u>
Camp property	<u>136,500</u>	<u>136,500</u>
YWCA dues	<u>38,251</u>	<u>38,251</u>
	<u>\$ 3,390,861</u>	<u>\$ 3,390,861</u>

Donor-restricted endowment funds classified as temporarily restricted net assets as of December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
General purposes	<u>\$ 6,674,360</u>	<u>\$ 5,764,658</u>
Camp property	<u>129,177</u>	<u>105,857</u>
YWCA dues	<u>165,846</u>	<u>146,828</u>
Totals	<u>\$ 6,969,383</u>	<u>\$ 6,017,343</u>

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 - Endowment (concluded):

Spending policy amounts approved and transferred as of December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
General purposes	\$ 488,329	\$ 903,100
Camp property	11,483	12,126
YWCA dues	9,382	9,900
Totals	<u>\$ 509,194</u>	<u>\$ 925,126</u>

In addition, during 2008, \$200,000 was approved by the Board of Directors to use as an internal loan from temporarily restricted net assets to fund construction costs. As of December 31, 2010 and 2009, the balance on this internal loan included in temporarily restricted net assets functioning as an endowment was \$154,893 and \$179,501, respectively.

Note 10 - Pension plan:

The Association participates in a cash balance defined benefit retirement plan sponsored by YWCA Retirement Fund, Inc. The plan covers any employee who meets the minimum eligibility requirements. No unfunded past service liability exists with respect to the plan. It is the Association's policy to fund pension costs accrued. The Association's contributions totaled \$128,806 and \$146,124 in 2010 and 2009, respectively. Data on a separate basis regarding the proportionate share of accumulated plan benefits and net assets are not available.

Note 11 - Concentrations of credit risk:

Cash and cash equivalents:

Financial instruments which potentially subject the Association to concentrations of credit risk consist of cash and cash equivalents. The Association maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed Federally insured limits.

Government grants and contracts:

Based on historical experience, management believes grant and contract receivables represent negligible credit risk. The Association receives a significant portion of its total support from the State of Connecticut. As with all government funding, these grants and contracts are subject to reduction or termination in future years. Any significant reduction in these grants and contracts could have an adverse effect on the Association's program services.

Investments:

The Association's endowment investments include a diversified portfolio of equity and bond investments managed by professional investment advisors, the policies of which the Association believes minimize the risks of significant geographic or economic concentrations. The Association does not control the investments held in outside trusts, but understands that such funds are invested under applicable laws governing such trusts.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12 - Bonding liens:

The Association received bond funding from the State of Connecticut Department of Social Services for the renovations of its emergency shelter for women (Unit S). The provider of the bond funds placed a ten year lien on the property when the project was completed. If the property is sold or utilized for a different purpose by the Association, the bond funds will have to be repaid. The repayment is made in an amount equal to the amount of the bond less ten percent for each full year of the ten year period that the property was utilized. The unamortized amount of the liens at December 31, 2010 and 2009 was \$169,167 and \$204,167, respectively, and expires October 2015.

Note 13 - Subsequent event:

On May 22, 2011 an agreement was signed to extend the Trustees of Truck Drivers, Chauffeurs, Warehousemen and Helpers Union No. 671 mortgage note payable to May 7, 2016. The interest rate effective May 7, 2011 was reduced to 6.5%. Commencing on June 7, 2011 the monthly principal and interest payment is \$1,165 with a balloon payment due on May 7, 2016.