
NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

For the years ended June 30, 2009 and 2008

C e r t i f i e d P u b l i c A c c o u n t a n t s

Weidmayer, Schneider, Raham & Bennett

NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

For the years ended June 30, 2009 and 2008

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	2
Statement of Activities.....	3
Statements of Functional Expenses	5
Statements of Cash Flows.....	9
Notes to Financial Statements.....	10



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C e r t i f i e d P u b l i c A c c o u n t a n t s

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nonprofit Enterprise at Work, Inc.
Ann Arbor, Michigan

We have audited the accompanying statements of financial position of Nonprofit Enterprise at Work, Inc. (a nonprofit corporation) as of June 30, 2009 and 2008 and the related statements of activities, functional expenses, and cash flows for the year 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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 Nonprofit Enterprise at Work, Inc. as of June 30, 2009 and 2008, and the changes in net assets, functional expenses, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Respectfully,

Weidmayer, Schneider, Raham & Bennett, PC

Certified Public Accountants

Ann Arbor, Michigan
November 9, 2009

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FINANCIAL POSITION
June 30,

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 266,483	\$ 123,832
Promises to give, net of allowance	120,605	411,637
Accounts receivable - rent	1,420	10,856
Accounts receivable - other	14,328	8,092
Prepaid expenses	13,686	18,778
Property and equipment		
Land	53,000	53,000
Building and improvements	851,164	826,055
Furniture and fixtures	99,993	81,152
Computer equipment and software	39,787	38,035
Total property and equipment	1,043,944	998,242
Less accumulated depreciation and amortization	(454,931)	(418,650)
Total property and equipment net of depreciation and amortization	589,013	579,592
TOTAL ASSETS	\$ 1,005,535	\$ 1,152,787
LIABILITIES		
Accounts payable - trade	\$ 12,880	\$ 10,741
Accrued liabilities	37,015	27,806
Capital lease obligation	25,606	355
Deferred revenue	8,080	1,790
Security deposits payable	3,621	3,625
TOTAL LIABILITIES	87,202	44,317
NET ASSETS		
Unrestricted net assets	260,182	120,374
Temporarily restricted - operations	152,605	442,637
Temporarily restricted - fixed assets	505,546	545,459
TOTAL NET ASSETS	918,333	1,108,470
TOTAL LIABILITIES AND NET ASSETS	\$ 1,005,535	\$ 1,152,787

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2009, with comparable totals for 2008

	Operations		Fixed Assets	Totals	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	2009	2008
Support and Revenue					
Support					
Grants, contributions, and sponsorships	\$ 286,623	\$ 152,605	\$ 11,700	\$ 450,928	\$ 850,948
In-kind contributions:					
Donated materials and supplies	3,962	-	-	3,962	316
Donated services	57,774	-	-	57,774	56,478
Total support	<u>348,359</u>	<u>152,605</u>	<u>11,700</u>	<u>512,664</u>	<u>907,742</u>
Revenue					
Registration fees -					
workshops, conferences, programs	123,154	-	-	123,154	95,142
Rentals - tenant	148,200	-	-	148,200	161,317
Usage fees and other reimbursements	24,550	-	-	24,550	31,865
Interest	1,829	-	-	1,829	4,310
Miscellaneous	1,505	-	-	1,505	3,263
Total revenue	<u>299,238</u>	<u>-</u>	<u>-</u>	<u>299,238</u>	<u>295,897</u>
Total support and revenue	<u>647,597</u>	<u>152,605</u>	<u>11,700</u>	<u>811,902</u>	<u>1,203,639</u>
Net assets released from restrictions					
Satisfaction of restriction requirements	494,250	(442,637)	(51,613)	-	-
Expenses					
Program services					
npServ	238,315	-	-	238,315	187,758
Resource connect	54,733	-	-	54,733	74,555
Building management	196,705	-	-	196,705	162,806
BoardConnect	229,144	-	-	229,144	285,505
Supporting services					
Management and general	168,158	-	-	168,158	214,283
Fundraising	114,984	-	-	114,984	63,976
Total expenses	<u>1,002,039</u>	<u>-</u>	<u>-</u>	<u>1,002,039</u>	<u>988,883</u>
Increase (decrease) in net assets	139,808	(290,032)	(39,913)	(190,137)	214,756
Net assets - beginning of year	1,108,470	-	-	1,108,470	893,714
Net assets - end of year	<u>\$ 1,248,278</u>	<u>\$ (290,032)</u>	<u>\$ (39,913)</u>	<u>\$ 918,333</u>	<u>\$ 1,108,470</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2008

	Operations		Fixed Assets	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	2008
Support and Revenue				
Support				
Grants, contributions, and sponsorships	\$ 282,161	\$ 561,037	\$ 7,750	\$ 850,948
In-kind contributions				
Donated materials and supplies	316	-	-	316
Donated services	56,478	-	-	56,478
Total support	338,955	561,037	7,750	907,742
Revenue				
Registration fees -				
workshops, conferences, programs	95,142	-	-	95,142
Rentals - tenant	161,317	-	-	161,317
Usage fees and other reimbursements	31,865	-	-	31,865
Interest	4,310	-	-	4,310
Miscellaneous	3,263	-	-	3,263
Total revenue	295,897	-	-	295,897
Total support and revenue	634,852	561,037	7,750	1,203,639
Net assets released from restrictions:				
Satisfaction of restriction requirements	253,998	(219,541)	(34,457)	-
Expenses				
Program services				
npServ	187,758	-	-	187,758
Resource connect	74,555	-	-	74,555
Building management	162,806	-	-	162,806
BoardConnect	285,505	-	-	285,505
Supporting services				
Management and general	214,283	-	-	214,283
Fundraising	63,976	-	-	93,976
Total expenses	988,883	-	-	988,883
Increase (decrease) in net assets				
	(100,033)	341,496	(26,707)	214,756
Net assets - beginning of year	893,714	-	-	893,714
Net assets - end of year	\$ 793,681	\$ 341,496	\$ (26,707)	\$ 1,108,470

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2009 with comparable totals for 2008

	Program Services				Total Program Services
	npServ	Resource Connect	Building Management	Board Connect	
Payroll expenses:					
Wages	\$ 177,648	\$ 41,315	\$ 75,163	\$ 156,430	\$ 450,556
Payroll taxes	12,769	3,171	5,481	11,904	33,325
Employee benefits	12,612	2,597	3,338	11,128	29,675
Total payroll expenses	203,029	47,083	83,982	179,462	513,556
Other expenses:					
Office supplies	1,928	98	3,358	1,496	6,880
Program expenses	2,428	-	-	5,700	8,128
Telephone	2,832	583	750	2,499	6,664
Postage	159	79	9,925	299	10,462
Janitorial	-	-	13,587	-	13,587
Utilities	-	-	17,993	-	17,993
Rent (Detroit office)	562	562	-	562	1,686
Travel and conferences	1,851	700	290	8,267	11,108
Dues and subscriptions	-	2,010	-	7,500	9,510
Insurance	-	-	2,203	-	2,203
Meals and entertainment	-	-	-	494	494
Copying and printing	439	160	(4,089)	3,385	(105)
Repairs and maintenance	-	-	11,793	-	11,793
Contract services	4,603	260	15,701	1,485	22,049
Professional fees	-	-	-	-	-
Professional development	930	520	425	1,729	3,604
Donated services	16,834	1,750	-	10,500	29,084
Marketing and promotion	2,720	681	1,254	4,977	9,632
Miscellaneous	-	-	1,231	-	1,231
Bad debt	-	-	-	-	-
Loss on disposal	-	-	-	-	-
Total expenses before depreciation	238,315	54,486	158,403	228,355	679,559
Depreciation	-	247	38,302	789	39,338
Total expenses	\$ 238,315	\$ 54,733	\$ 196,705	\$ 229,144	\$ 718,897

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2009 with comparable totals for 2008

Supporting Services

Management and General	Fundraising	Total Supporting Services	Total	
			2009	2008
\$ 85,896	\$ 95,257	\$ 181,153	\$ 631,709	\$ 564,614
6,256	6,911	13,167	46,492	43,173
3,709	3,709	7,418	37,093	39,466
95,861	105,877	201,738	715,294	647,253
2,154	425	2,579	9,459	7,631
-	-	-	8,128	19,778
895	833	1,728	8,392	5,968
461	144	605	11,067	14,354
-	-	-	13,587	12,550
-	-	-	17,993	29,796
562	-	562	2,248	2,120
5,148	951	6,099	17,207	14,427
2,389	-	2,389	11,899	10,061
3,071	-	3,071	5,274	6,088
1,630	-	1,630	2,124	3,442
383	305	688	583	3,468
-	-	-	11,793	6,559
10,916	-	10,916	32,965	30,672
10,500	-	10,500	10,500	9,000
440	151	591	4,195	3,795
27,422	1,268	28,690	57,774	56,478
4,981	5,030	10,011	19,643	18,914
5,926	-	5,926	7,157	11,660
(16,008)	-	(16,008)	(16,008)	4,357
-	-	-	-	25,046
156,731	114,984	271,715	951,274	943,417
11,427	-	11,427	50,765	45,466
\$ 168,158	\$ 114,984	\$ 283,142	\$ 1,002,039	\$ 988,883

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2008

	Program Services				
	npServ	Resource Connect	Building Management	Board Connect	Total Program Services
Payroll expenses:					
Wages	\$ 130,923	\$ 54,146	\$ 40,880	\$ 202,084	\$ 428,033
Payroll taxes	9,451	3,685	3,191	16,039	32,366
Employee benefits	13,147	3,210	2,670	12,749	31,776
Total payroll expenses	153,521	61,041	46,741	230,872	492,175
Other expenses:					
Office supplies	318	455	2,311	1,347	4,431
Program expenses	4,601	-	292	8,730	13,623
Telephone	1,892	460	401	1,835	4,588
Postage	82	105	11,892	1,296	13,375
Janitorial	-	-	12,550	-	12,550
Utilities	-	-	29,796	-	29,796
Rent (Detroit office)	530	530	-	530	1,590
Travel and conferences	1,912	1,366	51	7,324	10,653
Dues and subscriptions	-	1,698	-	6,000	7,698
Insurance	-	-	2,472	-	2,472
Meals and entertainment	-	-	-	1,146	1,146
Copying and printing	25	265	138	2,677	3,105
Repairs and maintenance	-	-	6,559	-	6,559
Contract services	5,163	480	11,351	5,495	22,489
Professional fees	-	-	-	-	-
Professional development	738	110	1,311	1,636	3,795
Donated services	15,544	7,000	-	10,500	33,044
Marketing and promotion	3,432	699	520	5,417	10,068
Miscellaneous	-	-	491	-	491
Bad debt	-	-	3,357	-	3,357
Loss on disposal	-	-	-	-	-
Total expenses before depreciation	187,758	74,209	130,233	284,805	677,005
Depreciation	-	346	32,573	700	33,619
Total expenses	\$ 187,758	\$ 74,555	\$ 162,806	\$ 285,505	\$ 710,624

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2008

Supporting Services

Management and General	Fundraising	Total Supporting Services	Total 2008
\$ 85,476	\$ 51,105	\$ 136,581	\$ 564,614
6,806	4,001	10,807	43,173
4,263	3,427	7,690	39,466
96,545	58,533	155,078	647,253
3,108	92	3,200	7,631
6,155	-	6,155	19,778
864	516	1,380	5,968
843	136	979	14,354
-	-	-	12,550
-	-	-	29,796
530	-	530	2,120
2,265	1,509	3,774	14,427
2,363	-	2,363	10,061
3,616	-	3,616	6,088
2,296	-	2,296	3,442
356	7	363	3,468
-	-	-	6,559
5,073	3,110	8,183	30,672
9,000	-	9,000	9,000
-	-	-	3,795
23,434	-	23,434	56,478
8,773	73	8,846	18,914
11,169	-	11,169	11,660
1,000	-	1,000	4,357
25,046	-	25,046	25,046
202,436	63,976	266,412	943,417
11,847	-	11,847	45,466
\$ 214,283	\$ 63,976	\$ 278,259	\$ 988,883

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF CASH FLOWS
For the years ended June 30,

	2009	2008
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Increase/(decrease) in net assets	\$ (190,137)	\$ 214,756
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	50,765	45,466
Loss on disposal of fixed assets	-	264
Decrease (increase) in assets:		
Pledges receivable	291,032	(341,863)
Other receivables	(6,236)	(4,230)
Tenant reimbursements receivable	9,436	(1,716)
Prepaid expenses	5,092	(3,983)
(Decrease) increase in liabilities:		
Accounts payable - trade	2,139	(12,094)
Refundable advances	6,290	(3,002)
Security deposits payable	(4)	(1,335)
Accrued liabilities	9,209	(97)
Net cash provided by operating activities	177,586	(107,834)
 CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of fixed assets	(33,403)	(5,067)
 CASH FLOWS USED IN FINANCING ACTIVITIES:		
Payments on obligation under capital lease	(1,532)	(3,906)
Net increase (decrease) in cash	142,651	(116,807)
Cash and cash equivalents - beginning of year	123,832	240,639
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 266,483	\$ 123,832
 <u>SUPPLEMENTAL CASH FLOW INFORMATION</u>		
Equipment acquired with capital lease	\$ 31,634	\$ -

NOTE A - NATURE OF ORGANIZATION

NEW (Nonprofit Enterprise at Work, Inc.) is a 501(c)(3) non-profit organization located in Ann Arbor, Michigan whose mission is to help nonprofits succeed by strengthening nonprofit management and offering solutions to issues facing our nonprofit community. In 2008-2009, NEW continues to be a management support organization for nonprofits, providing capacity building through leadership development, technology support, information resources and office and meeting space. Revenue sources include fees for services, rental income, contributions and grants.

The Organization services consist of the following programs:

BoardConnect – the program recruits and trains potential nonprofit board members, and then helps match their individuals to participating nonprofit organizations. BoardConnect also provides training and guidance to existing nonprofit boards. Furthermore, BoardConnect offers the “Board Room,” a subscription-based online repository of best practice documents for board governance. In the 2009 fiscal year BoardConnect served many individuals and organizations:

- Individual Training: BoardConnect trained 264 individuals about the duties of board service in Serving on a Nonprofit Board.
- Organization Training: BoardConnect provided training to 13 organizations in Building Your Board workshops.
- Board Matches: Nonprofits found 83 new board members through the matching program.
- Customized onsite board trainings: Boards representing 51 organizations and 770 board members received tailored training from BoardConnect on how to be more effective.
- Trained 230 individuals from a variety of organizations at 5 conferences.
- Presented six targeted workshops to a cohort of 20+ organizations for the Compassion Capital Initiative
- Provided Board Room subscriptions to 316 organizations

NEW Center – the program provides affordable office space and shared resources for nonprofit tenants, an affiliates program that provides some of the benefits of the NEW Center without actual tenancy, plus affordable meeting space available to any 501(C)(3) nonprofit organization. In addition to traditional office space, this year the NEW Center furnished four work stations which are available for rent with free broadband. In the 2009 fiscal year the NEW Center provided a wide range of support to nonprofits:

- Tenants: 17 organizations were tenants as of June 30.
- Work stations: 1 workstation rented as of June 30.
- Affiliates: 3 organizations participated in our Affiliate Program as of June 30.
- Conference Rooms: 1,879 reservations for 4,532 hours of conference room usage involved more than 11,861 attendees (both tenant and non-tenant).

npServ - The program provides shared technology support for nonprofits based on an innovative combination of thin client technology and open source software (we are not aware of any other service in the United States that tailors these technologies for nonprofits). This approach lowers hardware, software, energy, and management costs, while enabling greater reliability, nightly remote data backup, and remote access to workstations. npServ also offers hosted email for nonprofits, as well as social media training and guidance. In 2008-09, npServ:

- Provided its shared IT service to 141 users representing 14 nonprofits
- Provided hosted email and group calendaring to 387 users
- Trained 227 individuals on using social media tools on behalf of their nonprofits
- Provided social media analysis and guidance to 5 nonprofits
- Provided general technology training to 77 individuals representing 46 nonprofits

ResourceConnect is a nonprofit's first stop for free information resources and referral.

NOTE A – NATURE OF ORGANIZATION (continued)

In the 2008-2009 fiscal year, the program provided the following levels of service:

Consultations and Funder Research:

Provided direct guidance and consultation in person, by email or phone to over 560 individuals representing approximately 276 organizations.

Guided 121 people in the use of the Foundation Directory Online, a database of over 98,000 US Foundations and corporate giving programs.

Online Resource Database: The ResourceConnect database contained over 1,200 resources (local service providers, web resources, and print resources on all aspects of nonprofit management.) These pages received over 77,000 public page views.

NEWSNOTES: NEW's monthly online newsletter was sent to over 1,400 regular subscribers.

Nonprofit Directory: This self-entered directory of local nonprofits included profiles for 576 participating organizations in Southeast Michigan as of June 30, 2009; the Directory received nearly 107,000 public page views.

The Get Connected series was instituted in 2008 to offer short workshops on an important topic once a month and encourage networking. With alternating locations of the NEW Center in Ann Arbor and the Hannan House in Detroit, Get Connected offered training in strategic planning, fundraising, tech solutions, legal management, succession planning, strategic alliances, mergers, and volunteer management.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

Display of net assets by class

The net assets of the Organization are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Net assets of the two restricted classes are created only by donor-imposed purpose or time restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

The Organization's temporarily restricted net assets are further classified for display purposes as follows:

Operations – restricted for (a) designated operating activities, or (b) use in specified future period, but otherwise unrestricted.

Fixed assets – restricted for (a) use by designated activities related to the Organization, (b) the acquisition of long-lived assets, or (c) use in a specified future period.

The Organization does not have any permanently restricted net assets.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances.

Property and equipment

Property and equipment are stated at cost if purchased or fair value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges receivable

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

Income taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has classified the Organization as other than a private foundation.

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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recognition of donor restrictions

Support 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 restricted net assets. When a restriction expires or is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated materials and services

The Organization records the value of donated goods as contributions using estimated fair values at the date of receipt. For the years ended June 30, 2009 and 2008, donated supplies totaling \$3,962 and \$316, respectively, were recognized in the unrestricted class of net assets.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased, if not provided by donation, are recorded at their fair values in the period received. For the years ended June 30, 2009 and 2008, contributed services of \$57,774 and \$56,478, respectively, were recognized in the unrestricted net asset class.

Statement of cash flows

The Organization considers all highly liquid investments with an initial maturity of 90 days or less as cash and cash equivalents for the statement of cash flows.

Functional allocation of expenses

The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Subsequent Event

Subsequent events have been evaluated through November 9, 2009, the date the financial statements were available to be issued.

NOTE C - OPERATING LEASES

The Organization, as lessor, has entered into operating leases with nonprofit organizations that occupy the facility. The facility's cost and carrying amount is \$851,164 and \$481,601, respectively, including office space used by the Organization for other purposes. The leases are from one to two years. Future minimum lease payments, in total and for the fiscal years ending June 30, for which leases have been negotiated, are as follows:

2010	\$ 144,747
2011	69,524
2012	-
	<u>\$ 214,271</u>

NOTE D - LINE OF CREDIT

On August 5, 2008, the Organization negotiated a \$200,000 line of credit with a bank at an interest rate equal to the "prime rate" as reported by The Wall Street Journal. This line was renewed on August 5, 2009 and matures on December 1, 2010. The line of credit is secured by all assets of the organization.

In connection with this line of credit, the Lender has issued an irrevocable standby line of credit for the benefit of the State of Michigan Department of Consumer and Industry Services, Bureau of Workers' & Unemployment Compensation and/or other various municipalities.

NOTE E - DEFERRED COMPENSATION PLAN

The Organization maintains a deferred compensation plan under Section 403(b) of the Internal Revenue Code. Participants may make a voluntary contribution to the plan up to 20% of their compensation.

NOTE F - PLEDGES RECEIVABLE

Pledges receivable represent unconditional commitments from individuals for pledges related to the capital campaign for the NEW Center Building Fund. An allowance for doubtful accounts of \$7,000 has been recorded. As of June 30, 2009 and 2008, pledged receivables are \$127,605 and \$411,637, respectively. The pledges at June 30, 2009 are expected to be received as follows: 2010 - \$127,405 and 2011 - \$200.

NOTE G - CONDITIONAL PLEDGES

The Organization also receives conditional pledges. Due to the nature of the pledges, they have been excluded from pledges receivable and will be recognized as revenue in the period in which the conditions are met. Conditional pledges as of June 30, 2009 and 2008 are \$50,000 and \$85,000, respectively. The Organization met the conditions for the \$50,000 conditional pledge subsequent to June 30, 2009, and the funds were received.

NOTE H - OBLIGATION UNDER CAPITAL LEASE

On August 24, 2008, the Organization entered into a capital lease for a copier. The carrying value of the copier at June 30, 2009 is \$14,963. The lease payments are \$404 each month for 48 months. The capitalized lease is secured by the equipment purchased. The amortization of the capital lease is included in depreciation expense.

On September 20, 2008, the Organization entered into a capital lease for a new phone and voicemail system. The carrying value of this asset at June 30, 2009 is \$15,182. The lease payments are \$583 each month for 36 months. The capitalized lease is secured by the equipment purchased. The amortization of the capital lease is included in depreciation expense.

The following is a schedule by years of future minimum lease payments required under the capital leases as of June 30, 2009:

Year Ending June 30	Future Minimum Lease Payments
2010	\$ 11,853
2011	11,853
2012	6,603
2013	809
Total future minimum payments	31,118
Less: interest	(5,512)
Net obligations under capital lease	<u>\$ 25,606</u>

Interest expense of \$3,409 and \$292 was incurred on the capital lease obligation in 2009 and 2008, respectively.

NOTE I - RECLASSIFICATIONS

Prior year amounts on the financial statements may have been reclassified to agree with the current year's presentation.