

Sabathani Community Center, Inc.
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
December 31, 2010 and 2009

Carpenter *Evert*
Certified Public Accountants



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Carpenter Evert

Independent Auditors' Report

Board of Directors
Sabathani Community Center, Inc.
Minneapolis, Minnesota

We have audited the accompanying balance sheets of Sabathani Community Center, Inc. as of December 31, 2010 and 2009, and the related statements of activities and changes in net assets, functional expense, 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 audits 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 aforementioned financial statements present fairly, in all material respects, the financial position of Sabathani Community Center, Inc. as of December 31, 2010 and 2009, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants

Minneapolis, Minnesota
June 22, 2011

EXHIBIT A

SABATHANI COMMUNITY CENTER, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010				2009			
	Unrestricted		Temporarily Restricted	Total	Unrestricted		Temporarily Restricted	Total
	Program Operations	Building Operations			Program Operations	Building Operations		
Support and Revenue:								
Contributions	\$ 74,851	\$ -	\$ 504,041	\$ 578,892	\$ 167,554	\$ -	\$ 583,742	\$ 751,296
United Way	518,639	-	-	518,639	512,854	-	-	512,854
Government Contracts	66,959	-	-	66,959	204,924	-	-	204,924
Rental Income	-	613,991	-	613,991	-	658,820	-	658,820
Program Service Fees	21,315	-	-	21,315	20,501	-	-	20,501
Investment Income	(922)	-	-	(922)	2,140	-	-	2,140
Miscellaneous	2,223	-	-	2,223	868	-	-	868
Net Assets Released from Restrictions:								
Satisfaction of Time Restrictions	60,000	-	(60,000)	-	-	-	-	-
Satisfaction of Capital Restrictions	-	792	(792)	-	-	13,725	(13,725)	-
Satisfaction of Program Restrictions	634,770	-	(634,770)	-	590,667	-	(590,667)	-
Total Support and Revenue	<u>1,377,835</u>	<u>614,783</u>	<u>(191,521)</u>	<u>1,801,097</u>	<u>1,499,508</u>	<u>672,545</u>	<u>(20,650)</u>	<u>2,151,403</u>
Expense:								
Program Services:								
Family Resource Services	496,544	-	-	496,544	466,357	-	-	466,357
Horizons Youth	270,291	-	-	270,291	286,500	-	-	286,500
Senior Center	162,857	-	-	162,857	170,411	-	-	170,411
Health and Wellness	67,061	-	-	67,061	18,668	-	-	18,668
Life Skills Center	-	-	-	-	149,777	-	-	149,777
Building Operations	-	454,956	-	454,956	-	734,884	-	734,884
Total Program Services	<u>996,753</u>	<u>454,956</u>	<u>-</u>	<u>1,451,709</u>	<u>1,091,713</u>	<u>734,884</u>	<u>-</u>	<u>1,826,597</u>
Support Services:								
Management and General	267,465	102,750	-	370,215	163,101	278,867	-	441,968
Fundraising	128,857	-	-	128,857	135,141	-	-	135,141
Total Support Services	<u>396,322</u>	<u>102,750</u>	<u>-</u>	<u>499,072</u>	<u>298,242</u>	<u>278,867</u>	<u>-</u>	<u>577,109</u>
Total Expense	<u>1,393,075</u>	<u>557,706</u>	<u>-</u>	<u>1,950,781</u>	<u>1,389,955</u>	<u>1,013,751</u>	<u>-</u>	<u>2,403,706</u>
Change in Net Assets	(15,240)	57,077	(191,521)	(149,684)	109,553	(341,206)	(20,650)	(252,303)
Fund Transfers	287,928	(287,928)	-	-	(120,111)	120,111	-	-
Net Assets - Beginning of Year	514,089	1,001,270	811,751	2,327,110	524,647	1,222,365	832,401	2,579,413
Net Assets - End of Year	<u>\$ 786,777</u>	<u>\$ 770,419</u>	<u>\$ 620,230</u>	<u>\$ 2,177,426</u>	<u>\$ 514,089</u>	<u>\$ 1,001,270</u>	<u>\$ 811,751</u>	<u>\$ 2,327,110</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

SABATHANI COMMUNITY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2010 WITH COMPARATIVE TOTALS FOR 2009

	2010						Total
	Program Services						
	Family Resource Services	Horizons Youth	Health & Wellness	Senior Center	Building Operations	Program Services	
Salaries	\$ 223,028	\$ 120,887	\$ 40,154	\$ 82,167	\$ 165,065	\$ 631,301	
Payroll Taxes	30,368	17,497	4,829	11,577	28,325	92,596	
Employee Benefits	15,073	5,635	480	7,372	9,965	38,525	
Total Personnel Costs	268,469	144,019	45,463	101,116	203,355	762,422	
Occupancy	118,688	91,733	8,588	34,681	(20,141)	233,549	
Program Expense	80,117	15,570	10,395	12,558	253	118,893	
Professional Fees and Contract Services	3,273	6,450	-	3,027	14,806	27,556	
Office Expense	4,906	3,439	863	2,259	22,115	33,582	
Insurance	7,368	7,959	434	3,086	6,317	25,164	
Furniture and Equipment	460	-	46	615	2,517	3,638	
Transportation	8,728	141	595	4,726	4,496	18,686	
Miscellaneous Expense	914	745	445	100	129	2,333	
Dues, Licenses and Subscriptions	3,531	135	55	241	1,065	5,027	
Public Relations and Marketing	-	100	-	-	-	100	
Bad Debts	-	-	-	-	4,102	4,102	
Seminars, Conferences and Travel	90	-	177	448	-	715	
Depreciation	-	-	-	-	215,942	215,942	
Total Expense	\$ 496,544	\$ 270,291	\$ 67,061	\$ 162,857	\$ 454,956	\$ 1,451,709	

The accompanying Notes to Financial Statements
are an integral part of this statement.

SABATHANI COMMUNITY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2010 WITH COMPARATIVE TOTALS FOR 2009

	2010				2009	
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 631,301	\$ 183,675	\$ 96,869	\$ 280,544	\$ 911,845	\$ 1,090,648
Payroll Taxes	92,596	34,290	6,647	40,937	133,533	138,925
Employee Benefits	38,525	32,956	12,328	45,284	83,809	85,322
Total Personnel Costs	762,422	250,921	115,844	366,765	1,129,187	1,314,895
Occupancy	233,549	30,088	-	30,088	263,637	296,529
Program Expense	118,893	955	-	955	119,848	242,328
Professional Fees and Contract Services	27,556	36,024	895	36,919	64,475	147,776
Office Expense	33,582	10,597	2,442	13,039	46,621	43,343
Insurance	25,164	7,970	-	7,970	33,134	37,458
Furniture and Equipment	3,638	20,222	-	20,222	23,860	27,470
Transportation	18,686	26	17	43	18,729	26,776
Miscellaneous Expense	2,333	7,743	1,256	8,999	11,332	15,325
Dues, Licenses and Subscriptions	5,027	3,975	350	4,325	9,352	-
Public Relations and Marketing	100	828	8,053	8,881	8,981	9,137
Bad Debts	4,102	-	-	-	4,102	11,395
Seminars, Conferences and Travel	715	866	-	866	1,581	818
Depreciation	215,942	-	-	-	215,942	230,456
Total Expense	\$ 1,451,709	\$ 370,215	\$ 128,857	\$ 499,072	\$ 1,950,761	\$ 2,403,706

The accompanying Notes to Financial Statements
are an integral part of this statement.

SABATHANI COMMUNITY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Services						Total
	Family Resource Services	Horizons Youth	Life Skills Center	Senior Center	Health & Wellness	Building Operations	
Salaries	\$ 220,358	\$ 124,990	\$ 11,628	\$ 93,406	\$ 6,986	\$ 300,832	\$ 758,200
Payroll Taxes	26,291	14,974	1,861	11,067	1,135	35,669	90,997
Employee Benefits	7,222	8,975	(769)	6,991	545	19,127	42,091
Total Personnel Costs	253,871	148,939	12,720	111,464	8,666	355,628	891,288
Occupancy	96,832	99,346	-	29,132	6,782	35,404	267,496
Program Expense	84,067	13,130	133,240	8,572	2,276	134	241,419
Professional Fees and Contract Services	5,447	9,900	-	2,285	-	81,745	99,377
Office Expense	6,699	2,448	1,454	3,749	148	4,924	19,422
Insurance	7,951	7,913	-	3,233	394	7,535	27,026
Furniture and Equipment	1,063	48	2,363	-	107	1,108	4,689
Transportation	8,402	3,528	-	10,865	-	4,116	26,911
Miscellaneous Expense	2,025	828	-	237	169	2,974	6,233
Dues, Licenses and Subscriptions	-	-	-	-	-	-	-
Public Relations and Marketing	-	420	-	774	126	3,183	4,503
Bad Debts	-	-	-	-	-	9,354	9,354
Seminars, Conferences and Travel	-	-	-	100	-	66	166
Depreciation	-	-	-	-	-	228,713	228,713
Total Expense	\$ 466,357	\$ 286,500	\$ 149,777	\$ 170,411	\$ 18,668	\$ 734,884	\$ 1,826,597

The accompanying Notes to Financial Statements are an integral part of this statement.

SABATHANI COMMUNITY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2009

	Support Services				Total All Services
	Total Program Services	Management & General	Fund- raising	Total Support Services	
Salaries	\$ 758,200	\$ 229,080	\$ 103,368	\$ 332,448	\$ 1,090,648
Payroll Taxes	90,997	39,995	7,933	47,928	138,925
Employee Benefits	42,091	30,389	12,842	43,231	85,322
Total Personnel Costs	891,288	299,464	124,143	423,607	1,314,895
Occupancy	267,496	29,033	-	29,033	296,529
Program Expense	241,419	843	66	909	242,328
Professional Fees and Contract Services	99,377	46,649	1,750	48,399	147,776
Office Expense	19,422	19,358	4,563	23,921	43,343
Insurance	27,026	10,432	-	10,432	37,458
Furniture and Equipment	4,689	22,781	-	22,781	27,470
Transportation	26,911	(180)	45	(135)	26,776
Miscellaneous Expense	6,233	7,648	1,444	9,092	15,325
Dues, Licenses and Subscriptions	-	-	-	-	-
Public Relations and Marketing	4,503	1,584	3,050	4,634	9,137
Bad Debts	9,354	2,041	-	2,041	11,395
Seminars, Conferences and Travel	166	572	80	652	818
Depreciation	228,713	1,743	-	1,743	230,456
Total Expense	\$ 1,826,597	\$ 441,968	\$ 135,141	\$ 577,109	\$ 2,403,706

The accompanying Notes to Financial Statements
are an integral part of this statement.

SABATHANI COMMUNITY CENTER, INC.
BALANCE SHEETS
DECEMBER 31, 2010 AND 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash and Cash Equivalents	\$ 543,128	\$ 522,148
Accounts Receivable (Less Allowance for Doubtful Accounts of \$13,523 in 2010 and \$3,673 in 2009)	8,470	94,495
Grants Receivable	104,122	195,000
Accrued Interest Receivable	3,756	-
Prepaid Expenses	21,766	9,015
Total Current Assets	<u>681,242</u>	<u>820,658</u>
Investments	763,690	769,066
Property and Equipment - Net	<u>873,169</u>	<u>1,001,270</u>
 TOTAL ASSETS	 <u>\$ 2,318,101</u>	 <u>\$ 2,590,994</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 20,727	\$ 154,952
Payroll Taxes Accrued and Withheld	1,159	-
Accrued Expense	89,775	86,496
Total Current Liabilities	<u>111,661</u>	<u>241,448</u>
Long-term Liabilities:		
Security Deposits	<u>29,014</u>	<u>22,436</u>
Total Liabilities	140,675	263,884
Net Assets:		
Unrestricted:		
Board Designated	817,351	817,351
Undesignated	(133,324)	(303,262)
Building Operations	873,169	1,001,270
Total Unrestricted	<u>1,557,196</u>	<u>1,515,359</u>
Temporarily Restricted	<u>620,230</u>	<u>811,751</u>
Total Net Assets	<u>2,177,426</u>	<u>2,327,110</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,318,101</u>	 <u>\$ 2,590,994</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

SABATHANI COMMUNITY CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (149,684)	\$ (252,303)
Total Adjustments	<u>263,634</u>	<u>268,183</u>
Net Cash Provided by Operating Activities	113,950	15,880
Cash Flows from Investing Activities:		
Building and Equipment Purchases	(87,640)	(9,363)
Proceeds from Sale of Investments	506,993	-
Purchase of Investments	<u>(512,323)</u>	<u>(413)</u>
Net Cash (Used) by Investing Activities	(92,970)	(9,776)
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	20,980	6,104
Cash and Cash Equivalents - Beginning of Year	<u>522,148</u>	<u>516,044</u>
Cash and Cash Equivalents - End of Year	<u>\$ 543,128</u>	<u>\$ 522,148</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

SABATHANI COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

1. Summary of Significant Accounting Policies

Organizational Purpose

Sabathani Community Center, Inc. (Sabathani) is a multi-purpose social service center committed to making a difference in people's lives by providing access to quality programs and human services. The programs presently conducted by Sabathani include the following:

Family Resource Services – Meets basic needs with counseling, resource education, food and clothing shelves, housing information and referrals, advocacy and case follow-up.

Horizons Youth – An after-school program that assists children and youth in overcoming barriers to social, emotional and educational development. The program features a focus on math and reading, plus opportunities to learn computer skills.

Health and Wellness – An integrated health and wellness initiative focused on preventative care and health education. The program features a pediatric clinic, health and wellness classes, and a programs designed to encourage healthy lifestyle choices.

Senior Center – Provides a supporting social environment for the elderly. Activities include medical and legal clinics, hot meal programs, field trips, workshops, daily open lounge, information and referral and advocacy for seniors.

Life Skills Center – A family literacy, adult education and English as a second language program with options targeted toward adults unable to learn in a structured school environment and who need basic literacy skills to enter job training and/or to find employment.

Building Operations – The purpose of the Building Operations is to provide office and program space to nonprofit organizations. The land and buildings formerly known as the Bryant Junior High School were renovated for this purpose. The Building Operations is operated as an independent component of the Community Center. As such, the Sabathani community service programs are considered tenants of the Building Operations with rent paid under an annual lease. Rent paid during 2010 and 2009, was \$269,500 and \$289,501, respectively. The rental income and expense have been eliminated and appropriate occupancy costs allocated to the community service programs.

SABATHANI COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

1. Summary of Significant Accounting Policies (continued)

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to Sabathani Community Center, Inc., the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into funds established according to their nature and restriction. A description of the funds is as follows:

Unrestricted Net Assets – Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as part of unrestricted net assets.

Temporarily Restricted Net Assets – The part of net assets of the Organization resulting from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be satisfied by actions of the Organization.

Cash and Cash Equivalents

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

Accounts Receivable and Doubtful Accounts

Sabathani extends credit to its customers on terms it establishes for individual customers. Receivable are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and the Organization does not charge interest on accounts receivable balances. The Organization reviews accounts receivable balances on a periodic basis and writes off delinquent receivable when they are considered uncollectible. The Organization provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year.

Property and Equipment

All major expenditures for property and equipment are capitalized at cost. Contributed items are recorded at fair market value at date of donation. Depreciation of buildings and equipment is provided through the use of the straight-line method.

SABATHANI COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

1. Summary of Significant Accounting Policies (continued)

Contributions

Contributions are recorded as support when received or pledged. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled and are reported in the Statements of Activities under the Support and Revenue Category – Net Assets Released from Restrictions.

Government Grants and Contracts

Government grants and contract funds are considered exchange contracts and are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, Sabathani Community Center, Inc. will record such disallowance at the time the final assessment is made.

Promises-To-Give (Grants Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Risks and Uncertainties

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Functional Allocation of Expense

Expenses are recorded in functional categories when incurred. In certain cases, allocations of expenses between categories must be made. When allocations are made, the basis for allocation is as follows:

<u>Expense</u>	<u>Basis of Allocation</u>
Salary	Allocated based on best estimate of management
Payroll Taxes and Benefits	Allocated based on best estimate of management
Occupancy	Allocated based on space occupied
Other Expense	Allocated based on best estimate of management

SABATHANI COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

1. Summary of Significant Accounting Policies (continued)

Income Tax

Sabathani has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible.

Maintenance Expense

Sabathani uses the direct expense method of accounting for maintenance costs.

Advertising

Advertising and promotion costs are expensed as incurred. Printing and promotion costs were \$8,981 and \$9,137 for the years ended December 31, 2010 and 2009, respectively.

Subsequent Events

Sabathani Community Center, Inc. has evaluated the effect that subsequent events would have on the financial statements through June 22, 2011, which is the date financial statements were available to be issued.

2. Financial Instruments

Significant Concentrations of Credit Risk

Sabathani Community Center, Inc. provides services within the Twin Cities area. The amounts due for services provided are from local institutions. Grants receivable are from local governments and institutions.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2010 and 2009, the Organization held balances in bank accounts in excess of insured limits.

SABATHANI COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

3. Investments

Sabathani Community Center, Inc. held the following investments as of:

	December 31,			
	2010		2009	
	Cost	Market Value	Cost	Market Value
Marketable Debt Securities	\$ 507,418	\$ 496,229	\$ -	\$ -
Money Market Funds	<u>267,461</u>	<u>267,461</u>	<u>769,066</u>	<u>769,066</u>
	<u>\$ 774,879</u>	<u>\$ 763,690</u>	<u>\$ 769,066</u>	<u>\$ 769,066</u>

Sabathani had interest and dividends of \$10,267 and \$2,140, and unrealized loss of \$11,189 and \$-0- for the years ended December 31, 2010 and 2009, respectively.

4. Fair Value

Sabathani Community Center adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures ("ASC 820"). In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value of the investments at December 31, 2010:

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 267,461	\$ -	\$ -	\$ 267,461
Marketable Debt Securities	496,229	-	-	496,229
Grants Receivable	-	104,122	-	104,122
Total	<u>\$ 763,690</u>	<u>\$ 104,122</u>	<u>\$ -</u>	<u>\$ 867,812</u>

SABATHANI COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

5. Property and Equipment

Sabathani Community Center, Inc. owned the following at:

	<u>December 31,</u>		<u>Estimated Useful Lives</u>
	<u>2010</u>	<u>2009</u>	
Land, Buildings and Improvements	\$ 5,483,122	\$ 5,427,299	5-35 years
Furniture and Equipment	301,886	270,069	3-10 years
Vehicles	<u>88,764</u>	<u>107,736</u>	3 years
	5,873,772	5,805,104	
Less Accumulated Depreciation	<u>5,000,603</u>	<u>4,803,834</u>	
	<u>\$ 873,169</u>	<u>\$ 1,001,270</u>	

Depreciation expense of \$215,942 and \$230,456 was recorded for the years ended December 31, 2010 and 2009, respectively.

6. Grants Receivable

All grants receivable are collectable in the year ending December 31, 2011, and are considered collectable.

7. Pension Plan

Sabathani Community Center, Inc. maintains a 401(k) defined contribution pension plan covering substantially all of its employees. This plan provides benefits to employees based on the individual account balance each employee has accumulated in the plan at retirement. Sabathani's matching contributions were \$12,842 and \$18,358 in 2010 and 2009, respectively.

8. Temporarily Restricted Net Assets

The purpose of temporarily restricted net assets is to account for funds received but not yet spent for the purpose intended by the donor. Temporarily restricted net assets include the following as of:

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
Future Years Program Support	\$ 168,108	\$ 358,838
Building Improvements and Renovation	<u>452,122</u>	<u>452,913</u>
	<u>\$ 620,230</u>	<u>\$ 811,751</u>

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9. Board Designated Net Assets

The Board of Directors has made the following designations of unrestricted net assets:

	Sabathani Fund	Building Operations/ Capital Reserve
Balance – December 31, 2010 and 2009	<u>\$ 334,657</u>	<u>\$ 482,694</u>

At December 31, 2010 and 2009, \$817,351 was included in cash and cash equivalents and investments that have been designated as net asset reserves.

10. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash (Used) by Operating Activities are as follows:

	December 31,	
	2010	2009
Depreciation	\$ 215,942	\$ 230,456
Unrealized Loss	11,189	-
Contributed Securities	(485)	-
Grants Receivable Long-term	-	50,000
Security Deposits	6,578	(3,726)
Allowance for Doubtful Accounts	9,851	3,866
Gain on Sale of Property and Equipment	(200)	-
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(134,225)	42,354
Payroll Taxes Accrued and Withheld	1,159	(2,651)
Accrued Expense	3,279	(12,233)
Decreases (Increases) in Current Assets:		
Accounts Receivable	76,175	30,231
Accrued Interest Receivable	(3,756)	-
Grants Receivable	90,878	(80,000)
Prepaid Expenses	(12,751)	9,886
Total Adjustments	<u>\$ 263,634</u>	<u>\$ 268,183</u>