WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
SEPTEMBER 30, 2010 AND 2009

WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA

SEPTEMBER 30, 2010 AND 2009

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ACCOUNTANCY CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
White Ash Broadcasting, Inc.
Fresno, California

We have audited the accompanying statements of financial position of White Ash Broadcasting, Inc., a California nonprofit corporation, as of September 30, 2010 and 2009, and the related statements of activities 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 financial statements referred to above present fairly, in all material respects, the financial position of White Ash Broadcasting, Inc. as of September 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Price Paige & Company

Clovis, California
December 3, 2010

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WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2010 AND 2009

	2010	2009
Assets		
Current assets:		
Cash	$ 109,759	$ 121,925
Current portion of pledges receivable (net of allowance for uncollected pledges of $25,600)	128,264	134,722
Other	9,462	9,462
Total current assets	247,485	266,109
Pledges receivable, less current portion (net of allowance for uncollected pledges of $0)	154,609	176,441
Investments - at fair value	226,308	198,324
Restricted cash	12,205	173,685
Restricted investments	250,624	-
Property and equipment, net	530,834	563,325
Total assets	$ 1,422,065	$ 1,377,884
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 8,741	$ 71,684
Vacation payable	25,874	29,787
Credit line	-	12,000
Note payable - current	4,199	3,897
Other accrued expenses	3,596	1,056
Current liabilities	42,410	118,424
Long-term liabilities:		
Note payable	4,135	8,307
Long-term liabilities	4,135	8,307
Total liabilities	46,545	126,731
Net assets:		
Donor restricted:		
Temporarily	506,641	439,844
Permanently	200,436	193,393
Total donor restricted	707,077	633,237
Unrestricted:		
Designated by the Board for endowment	14,144	12,050
Undesignated	654,299	605,866
Total unrestricted	668,443	617,916
Total net assets	1,375,520	1,251,153
Total liabilities and net assets	$ 1,422,065	$ 1,377,884

The accompanying notes are an integral part of the financial statements.

WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

		Restricted		
	Unrestricted	Temporarily	Permanently	Total
Revenues:				
Contributions	$ 1,006,398	$ 60,458	$ 7,043	$ 1,073,899
Grants	353,164	-	-	353,164
Special events	158,886	-	-	158,886
Unrealized gains and losses	13,230	8,688	-	21,918
Interest and dividend income	1,499	1,205	-	2,704
Other income	7,341	-	-	7,341
Gain (loss) from disposal of fixed assets	(241)	-	-	(241)
Net assets released from restrictions	3,554	(3,554)	-	-
Total revenues	1,543,831	66,797	7,043	1,617,671
Expenses:				
Program services:				
Programming and production	473,044	-	-	473,044
Broadcasting and technical	516,456	-	-	516,456
Public information	278,592	-	-	278,592
Total program expenses	1,268,092	-	-	1,268,092
Supporting services:				
General administration	74,688	-	-	74,688
Fundraising and membership development	150,524	-	-	150,524
Total supporting expenses	225,212	-	-	225,212
Total expenses	1,493,304	-	-	1,493,304
Change in net assets	50,527	66,797	7,043	124,367
Net assets, beginning of year	617,916	439,844	193,393	1,251,153
Net assets, end of year	$ 668,443	$ 506,641	$ 200,436	$ 1,375,520

The accompanying notes are an integral part of the financial statements.

WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

		Restricted		
	Unrestricted	Temporarily	Permanently	Total
Revenues:				
Contributions	$ 985,805	$ 100,061	$ 5,645	$ 1,091,511
Grants	333,424	-	-	333,424
Special events	143,005	-	-	143,005
Unrealized gains and losses	-	(2,677)	-	(2,677)
Interest and dividend income	2,152	1,017	-	3,169
Other income	4,854		-	4,854
Net assets released from restrictions	137,770	(137,770)	-	-
Total revenues	1,607,010	(39,369)	5,645	1,573,286
Expenses:				
Program services:				
Programming and production	450,786	-	-	450,786
Broadcasting and technical	505,304	-	-	505,304
Public information	307,131	-	-	307,131
Total program expenses	1,263,221	-	-	1,263,221
Supporting services:				
General administration	89,254	-	-	89,254
Fundraising and membership development	148,246	-	-	148,246
Total supporting expenses	237,500	-	-	237,500
Total expenses	1,500,721	-	-	1,500,721
Change in net assets	106,289	(39,369)	5,645	72,565
Net assets, beginning of year	439,774	550,166	188,648	1,178,588
Reclassification of net assets	71,853	(70,953)	(900)	-
Net assets, end of year	$ 617,916	$ 439,844	$ 193,393	$ 1,251,153

The accompanying notes are an integral part of the financial statements.

WHITE ASH BROADCASTING, INC.
FRESNO, CALIFORNIA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2010	2009
Cash flows from operating activities:		
Contributions received	$ 1,261,075	$ 1,348,051
Grants received	353,164	333,424
Payments to vendors	(781,421)	(722,419)
Payments to employees, including taxes and benefits	(735,698)	(745,164)
Proceeds from interest and dividends	1,618	3,169
Other cash receipts	7,341	5,172
Net cash provided by (used in) operating activities	106,079	222,233
Cash flows from investing activities:		
Purchase of property and equipment	(5,945)	(204,718)
Purchase of investments	(258,405)	(10,661)
Proceeds from sale of investments	495	1,830
Net cash provided by (used in) investing activities	(263,855)	(213,549)
Cash flows from financing activities:		
Repayment of revolving credit line	(12,000)	(13,000)
Borrowings on note payable	(3,870)	12,204
Net cash provided by (used in) financing activities	(15,870)	(796)
Net increase (decrease) in cash	(173,645)	7,888
Cash at beginning of year	295,610	287,722
Cash at end of year	$ 121,964	$ 295,610
Reconciliation of change in net assets to net operating cash flow:		
Net income	$ 124,367	$ 72,565
Adjustments for noncash accrual items:		
Depreciation expense	38,194	36,870
(Gain) loss on sale of assets	241	318
Realized and unrealized (gain) loss on investments	(21,918)	2,574
Changes in operating assets and liabilities:		
Pledges receivable	28,290	63,534
Deposit	-	50,000
Accounts payable	(61,722)	(1,577)
Vacation payable	(3,913)	(1,149)
Other accrued expenses	2,540	(901)
Net cash provided by (used in) operating activities	$ 106,079	$ 222,233

The accompanying notes are an integral part of the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

White Ash Broadcasting, Inc. (the "Organization") is a nonprofit corporation which operates public radio stations in Fresno and Bakersfield, California, under the call letters KVPR and KPRX.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Codification in its Statement of Financial Accounting Standards *Financial Statements of Not-for-Profit Organizations.* As required by the Financial Statement Presentation Topic of the FASB Accounting Standards Codification, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Organization classifies net assets for the presentation of its financial statements as follows:

Unrestricted net assets include assets over which the Organization has full discretion as to use.

Temporarily restricted net assets include contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Temporarily restricted net assets at September 30, 2010, are composed of contributions received and receivable for the capital campaign, as well as contributions restricted to the purchase of property and equipment. Also included in temporarily restricted assets are realized and unrealized gains on individual endowment funds that have not been expended as stipulated by the donor.

Permanently restricted net assets include assets that are restricted by the donor for investment in perpetuity, the income from which is available to support activities as stipulated by the donor. Losses from investments are recorded as decreases in unrestricted net assets.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all certificates of deposit and all highly liquid debt instruments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

Pledges receivable

Pledges receivable represent amounts committed by donors that have not been received by the Organization. The non-current portion of pledges receivable are related to the Capital Campaign. The carrying amount of pledges receivable approximates net present value. An allowance for uncollectible pledges is provided based on management's evaluation of potential uncollectible pledges receivable at year-end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results could differ from those estimates.

Investments

Investments are carried at fair value and realized and unrealized gains and losses are reflected in the statement of activities. The fair values of investments are based on quoted market prices. The Organization's investment policy authorizes investments in United States government obligations, corporate bonds, common stock and mutual funds.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair market value at the date of the donation. The Organization's policy is to capitalize all purchases in excess of $1,000. Any purchases less than $1,000 for property and equipment is expensed through operations unless the item is to be kept for three years or more. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets as follows:

Radio equipment	3-15 years
Office furniture and fixtures	3-15 years
Leasehold improvements	3-15 years

Revenue Recognition

Revenues are recognized based on accrual accounting in accordance with generally accepted accounting principles (GAAP). Revenues are recognized when earned, regardless of the timing of cash receipts. Revenue is considered earned when the Organization has substantially met its obligation to be entitled to the benefits represented by the revenue. Deposits, advance payments and progress payments for programs or activities to be conducted primarily in the next fiscal year are classified as deferred revenues and are recognized as revenue only when the revenue producing event has occurred.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

The Organization reports gifts of goods 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 those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization has received rulings from the Internal Revenue Service and the State of California which exempt it from federal and state income taxes.

Donated Services and Non-Cash Contributions

Many individuals have donated time and services to advance the Organization's programs and objectives. The value of these services has not been recorded in the financial statements because they do not meet the definition for recognition under generally accepted accounting principles. Contributions of donated non-cash assets are recorded at their fair values in the period received.

Compensated Absences

The Organization accrues vacation and personal time. The policy allows for up to 216 hours per year of paid time off. Vacation and personal time accrued has been recorded and is included in vacation payable at year-end.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable represent promises to give which have been made by donors but have not yet been received by the Organization. Pledges which will not be received in the subsequent year have been discounted using an estimated rate of return, which could be earned if such contributions have been made in the current year. The Organization determines uncollectible pledges at an estimate amount based on management estimate. The discount rate applied to arrive at net present value was 2%.

Total unconditional promises to give were as follows at September 30:

	2010	2009
Receivables in less than one year	$ 153,864	$ 160,322
Receivables in one to five years	164,484	187,383
Total	318,348	347,705
Less: Discount to net present value	(9,875)	(10,942)
Subtotal	308,473	336,763
Less: Allowance for uncollectible pledges	(25,600)	(25,600)
Net unconditional promises to give	$ 282,873	$ 311,163

NOTE 3 – INVESTMENTS

Investments include both unrestricted and permanently restricted funds. The fair value of investments is as follows at September 30:

	2010	2009
Corporate bond funds	$ 333,021	$ 18,684
Equity funds	134,166	173,088
Other	9,745	6,552
Total	$ 476,932	$ 198,324

As stated in Note 1, income from permanently restricted net assets is available to support any activity. Therefore, the investment return increases the unrestricted net assets.

Investment return consists of the following at September 30:

	2010	2009
Investment earnings	$ 5,852	$ 12,499
Net realized and unrealized gains and losses	16,066	(15,175)
Total	$ 21,918	$ (2,676)

During 2008, the Organization adopted the Financial Accounting Standards Board's Statement of Financial Accounting Standards Codification for Fair Value Measurements. FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value under GAAP and enhances disclosures about fair value measurements. FASB Codification defines fair value as the price that would be received upon sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk including the Organization's own credit risk. The impact of this adoption was limited to additional disclosure only.

The fair values of investments are based on the framework established in FASB Accounting Standards Codification which establishes a three-level hierarchy for determining fair value. The valuations for each of these levels are determined as follows:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. Financial assets and liabilities in Level 1 include U.S. treasury securities, domestic and international equities, and exchange-traded mutual funds.

Level 2: Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial assets and liabilities in this category include government agencies and municipal bonds, asset-backed securities, and corporate bonds.

NOTE 3 – INVESTMENTS (Continued)

Level 3: Pricing inputs are generally unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are therefore determined using factors that involve judgment including private and public comparables, third party appraisals, discounted cash flow models, and fund manager estimates. The Organization has no financial assets and liabilities in this category.

The table below presents the level within the fair value hierarchy at which investments are measured at September 30, 2010.

Description	Quoted Prices in Active Markets for Indentical Instruments (Level 1)	Quoted Prices in Active Markets for Similar Instruments (Level 2)
Equity Funds	$134,166	
Bond Funds		$333,021

The carrying amount of cash, accounts receivable, prepaid expenses, inventories, other assets, accounts payable, accrued payroll and related liabilities and other liabilities approximates fair value.

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at September 30:

	2010	2009
Radio equipment	$ 725,951	$ 722,360
Furniture, fixtures and equipment	149,658	152,386
Leasehold improvements	305,930	305,930
Construction in progress	203,927	203,927
	1,385,466	1,384,604
Accumulated depreciation	(854,632)	(821,279)
Property and equipment, net	$ 530,834	$ 563,325

Depreciation expenses for the years ended September 30, 2010 and 2009, were $38,194 and $36,870, respectively.

NOTE 5 – LINE OF CREDIT

The Organization has a line of credit agreement with a bank that provides for borrowings of up to $150,000 at the bank's prime rate plus 1.00%. The interest rate at September 30, 2010, was 5.00%. Any borrowings under this line are collateralized by the Organization's savings account, deposits, receivables and fixed assets. At September 30, 2010 and 2009, the balances on the line of credit were $0 and $12,000, respectively. The Organization paid interest of $120 and $514 for the years ending September 30, 2010 and 2009, respectively. The line expires on August 26, 2011.

NOTE 6 – NOTE PAYABLE

The Note payable at September 30 is as follows:

	2010	2009
Bank Loan, 7.50% due in monthly installments of $390, including interest, secured by a blanket UCC-1 Financing Statement.		
Loan matures August 15, 2012	$ 8,334	$ 12,204
Current maturities	4,199	3,897
Long-term debt	4,135	8,307
Total	$ 8,334	$ 12,204

Subsequent maturities of the note payable are as follows:

Years ending September 30,	
2011	$ 4,199
2012	4,135
Total	$ 8,334

NOTE 7 – LEASES

The Organization has a lease agreement for office space. The lease term is through May 31, 2011, with monthly payments of $6,657.

The Organization has a month-to-month lease agreement for a tower rental. The lease had monthly payments in the amount of $897 from October 2009 through September 2010.

The Organization has a lease agreement for satellite access in connection with the digital equipment. The lease term is through June 30, 2013, with monthly payments in the amount of $1,250.

Rental expenses for all operating leases, including leases with terms of less than one year, were $105,648 and $103,204 for the years ended September 30, 2010 and 2009, respectively.

Future rental commitments under operating leases with terms in excess of one year as of September 30, 2010, are as follows:

2011	$ 15,000
2012	15,000
2013	7,500
Total	$ 37,500

NOTE 8 – EMPLOYEE BENEFIT PLAN

The Organization has adopted a salary deferral plan available to all employees who meet certain eligibility requirements. The plan qualifies under Internal Revenue Code Section 403(b) and was established to provide voluntary supplemental retirement income for employees of the Organization. The Organization did not contribute any funds to the plan for the year ended September 30, 2010.

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at September 30:

	2010	2009
Construction in progress	$ 487,408	$ 419,261
Property and equipment account	12,205	15,759
Programs	7,028	4,824
Total temporarily restricted net assets	$ 506,641	$ 439,844

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors and by receipt of pledges receivable as described in Note 1.

NOTE 10 – ENDOWMENTS

Effective October 1, 2008, the Organization adopted the provisions of FASB Staff Position, "Endowments of Not-for-Profit Foundations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds". The FASB Staff Position provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), and also requires disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Organization's endowment consists of approximately six individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, 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.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 Organization 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.

NOTE 10 – ENDOWMENTS (Continued)

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 Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(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 Organization
(7) The investment policies of the Organization.

Endowment Net Asset Computation by Type of Fund

Endowment net assets consist of the following at September 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ (26)	$ 11,636	$ 200,436	$ 212,046
Board-Designated Endowment Funds	14,144	-	-	14,144
Total Endowed Net Assets	$ 14,118	$ 11,636	$ 200,436	$ 226,190

Endowment net assets consisted of the following at September 30, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ (12,062)	$ 4,825	$ 193,394	$ 186,157
Board-Designated Endowment Funds	12,050	-	-	12,050
Total Endowed Net Assets	$ (12)	$ 4,825	$ 193,394	$ 198,207

NOTE 10 – ENDOWMENTS (Continued)

Changes in Endowment Net Assets

The following schedule shows changes in endowment net assets for the year ending September 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, October 1, 2009	$ (12)	$ 4,825	$ 193,394	$ 198,207
Investment Return:				
Investment Income	1,090	4,762	-	5,852
Net Appreciation (Depreciation)	12,140	2,049	-	14,189
Total Investment Return	13,230	6,811	-	20,041
Contributions	900	-	7,042	7,942
Appropriation of Endowment Assets for Expenditure	-	-	-	-
Endowment Net Assets, September 30, 2010	$ 14,118	$ 11,636	$ 200,436	$ 226,190

The following schedule shows changes in endowment net assets for the year ending September 30, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, October 1, 2008	$ (1,662)	$ 7,501	$ 187,748	$ 193,587
Investment Return:				
Investment Income	-	12,499	-	12,499
Net Appreciation (Depreciation)	-	(15,175)	-	(15,175)
Total Investment Return	-	(2,676)	-	(2,676)
Contributions	1,650	-	5,646	7,296
Appropriation of Endowment Assets for Expenditure	-	-	-	-
Endowment Net Assets, September 30, 2009	$ (12)	$ 4,825	$ 193,394	$ 198,207

NOTE 10 – ENDOWMENTS (Continued)

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets

The following schedule shows the balances at September 30:

PERMANENTLY RESTRICTED NET ASSETS	2010	2009
The portion of perpetual endowment funds that is required to be retained either by explicit donor stipulation or by UPMIFA	$ 200,436	$ 193,394
Total endowment funds classified as permanently restricted net assets	$ 200,436	$ 193,394
TEMPORARILY RESTRICTED NET ASSETS		
The portion of perpetual endowment funds subject to a time restriction under UPMIFA:		
With purpose restrictions	$ 11,636	$ 4,825
Total endowment funds classified as temporarily restricted net assets	$ 11,636	$ 4,825

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $26 as of September 30, 2010. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to 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 Organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 3 percent annually. Actual returns in any given year may vary from this amount.

NOTE 10 – ENDOWMENTS (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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 Organization 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 investment committee meets quarterly to assess the investment assets and the returns from the assets. As of September 30, 2010, the Organization had an investment policy of 60% stocks, 40% bonds in order to be conservative in an uncertain market.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year fifty percent of earnings, based on the fiscal year-end account value. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of three percent annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Organization participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the Organization, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 3, 2010, the date the financial statements were available to be issued, noting no matters requiring disclosure in the financial statements for the year ended September 30, 2010.