

**Maryland Association Of Certified Public
Accountants, Inc. And Related Organizations**

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For The Years Ended June 30, 2011 And 2010

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H E R T Z B A C H
C O M P A N Y, P. A.
Certified Public Accountants & Business Consultants

Independent Auditors' Report

**To The Board Of Directors
And Members**

Maryland Association Of Certified Public Accountants, Inc.

Dulaney Center II

901 Dulaney Valley Road, Suite 710

Towson, Maryland 21204

We have audited the accompanying combined statements of financial position of the Maryland Association Of Certified Public Accountants, Inc. and Related Organizations, as of June 30, 2011 and 2010, and the related combined statements of activities and cash flows for the years then ended. These combined financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these combined 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Maryland Association Of Certified Public Accountants, Inc. and Related Organizations as of June 30, 2011 and 2010, 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.

As discussed in Note 7 to the financial statements, certain errors resulting in understatement of previously reported net assets as of June 30, 2010, were discovered by management of the Association during the current year. Accordingly, an adjustment has been made to net assets as of July 1, 2009 to correct the error.

Hertzbach & Company P.A.

Certified Public Accountants

Baltimore, Maryland
October 6, 2011

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Members: American Institute of Certified Public Accountants & Maryland Association of Certified Public Accountants

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**COMBINED
FINANCIAL
STATEMENTS**

**Maryland Association Of Certified Public
Accountants, Inc. And Related Organizations
Combined Statements Of Financial Position**

June 30,	2011	2010 (AS RESTATED)
Assets		
CURRENT ASSETS		
Cash And Cash Equivalents	\$ 1,264,902	\$ 1,545,800
Investments In Marketable Securities	1,947,777	1,654,357
Accounts Receivable:		
Dues	1,311,677	911,787
Other (Net Of Allowance For Uncollectible Accounts Of \$14,822 - 2011 And \$15,136 - 2010)	480,561	450,513
Inventory And Prepaid Expenses	103,819	110,987
 Total Current Assets	 <u>5,108,736</u>	 <u>4,673,444</u>
 PROPERTY, EQUIPMENT, AND SOFTWARE		
Office Furniture And Equipment	504,776	515,694
Leasehold Improvements	79,745	79,745
Software And Website Development Costs	313,366	296,870
	<u>897,887</u>	<u>892,309</u>
Less: Accumulated Depreciation	774,195	756,898
 Total Property, Equipment, And Software	 <u>123,692</u>	 <u>135,411</u>
 OTHER ASSETS		
Deposits	3,755	3,755
 Total Other Assets	 <u>3,755</u>	 <u>3,755</u>
 TOTAL ASSETS	 <u>\$ 5,236,183</u>	 <u>\$ 4,812,610</u>
 Liabilities And Net Assets		
Accounts Payable And Accrued Expenses	\$ 721,720	\$ 673,803
Unearned Revenue:		
Dues	2,155,395	2,150,107
Other	337,477	362,997
 TOTAL LIABILITIES	 <u>3,214,592</u>	 <u>3,186,907</u>
 UNRESTRICTED NET ASSETS	 <u>2,021,591</u>	 <u>1,625,703</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,236,183</u>	 <u>\$ 4,812,610</u>

See Accompanying Notes

**Maryland Association Of Certified Public
Accountants, Inc. And Related Organizations
Combined Statements Of Activities**

For The Years Ended June 30,	2011	2010 (AS RESTATED)
REVENUE		
Membership Dues	\$ 2,061,153	\$ 2,047,250
Professional Development Program Fees	4,021,562	3,769,646
Self-Regulation Fees	153,395	194,525
Investment Income	378,045	176,168
Advertising And Sponsorships	226,455	138,987
Other	99,709	85,657
Total Revenue	6,940,319	6,412,233
EXPENSES		
Professional Development Programs	3,900,327	3,542,640
Self-Regulation And Legislation	375,718	393,775
Committees And Member Functions	44,984	25,576
Marketing And Communications	467,795	579,520
Administration	1,755,607	1,608,824
Total Expenses	6,544,431	6,150,335
INCREASE IN UNRESTRICTED NET ASSETS	395,888	261,898
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	1,625,703	1,169,143
PRIOR PERIOD ADJUSTMENT	-	194,662
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR AS RESTATED	1,625,703	1,363,805
UNRESTRICTED NET ASSETS, END OF YEAR	\$ 2,021,591	\$ 1,625,703

See Accompanying Notes

**Maryland Association Of Certified Public
Accountants, Inc. And Related Organizations
Combined Statements Of Cash Flows**

For The Years Ended June 30,	2011	2010 (AS RESTATED)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Membership Dues Received	\$ 1,667,366	\$ 2,053,394
Professional Development Program Fees Received	3,945,069	3,646,970
Other Fees Received	503,223	501,389
Interest And Dividends Received	52,747	51,299
Salaries And Benefits Paid To Employees	(2,423,697)	(2,256,505)
Cash Paid To Suppliers	(3,964,081)	(3,629,099)
Net Cash And Cash Equivalents Provided By (Used In) Operating Activities	<u>(219,373)</u>	<u>367,448</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds From Sale Of Investments In Marketable Securities	1,268,600	1,060,860
Purchases Of Investments In Marketable Securities	(1,233,947)	(1,088,332)
Purchases Of Property, Equipment, And Software	(97,243)	(43,239)
Proceeds From Sale Of Property, Equipment, And Software	1,065	373
Net Cash Used In Investing Activities	<u>(61,525)</u>	<u>(70,338)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(280,898)	297,110
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,545,800</u>	<u>1,248,690</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,264,902</u>	<u>\$ 1,545,800</u>
RECONCILIATION OF INCREASE IN UNRESTRICTED NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES		
Increase In Unrestricted Net Assets	\$ 395,888	\$ 261,898
ADJUSTMENTS TO RECONCILE INCREASE IN UNRESTRICTED NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Depreciation Expense	104,128	95,528
Gain On Sale Of Property, Equipment, And Software	(1,065)	(373)
Provision For Bad Debts	(314)	468
Net Realized And Unrealized Gains On Investments In Marketable Securities	(325,519)	(127,226)
(Increase) Decrease In:		
Accounts Receivable	(427,344)	(4,121)
Inventory And Prepaid Expenses	7,168	2,121
Increase (Decrease) In:		
Accounts Payable And Accrued Expenses	47,917	166,443
Unearned Revenue	(20,232)	(27,290)
Net Cash And Cash Equivalents Provided By (Used In) Operating Activities	<u>\$ (219,373)</u>	<u>\$ 367,448</u>

See Accompanying Notes

**Maryland Association Of Certified Public
Accountants, Inc. And Related Organizations
Notes To Combined Financial Statements**

June 30, 2011 And 2010

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION – The Maryland Association Of Certified Public Accountants, Inc. (MACPA) provides professional development, regulatory, promotional and advocacy services to its members, supporting their efforts to conform to the highest standards of professional service and conduct. Most of the members are Certified Public Accountants practicing in firms or employed by companies, non-profit organizations, schools, or government agencies located in Maryland. MACPA revenues will be influenced by changes in the profession and the regional economy.

PRINCIPLES OF COMBINATION – These combined financial statements include the resources and activities of the state office of the MACPA, its seven chapters, its wholly-owned for-profit subsidiary, Business Learning Institute, Inc. (BLI, Inc.), and the related organization of the Maryland Association of Certified Public Accountants Educational Foundation, Inc. (Foundation), which has been combined in accordance with accounting standards for not-for-profit organizations. As used in herein, the "Association" includes the MACPA, BLI, Inc., and the Foundation.

All significant intercompany accounts and transactions have been eliminated in combination.

ACCOUNTING 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the year. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents include balances with banks, overnight investments, and money market accounts.

INVESTMENTS IN MARKETABLE SECURITIES – The Association records investments in marketable securities at fair value. Fair value is 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. See Note 3 for discussion of fair value measurement. Realized and unrealized gains and losses are recorded in the statement of activities as components of investment income.

PROPERTY, EQUIPMENT, AND SOFTWARE – Property, equipment, and software, including website development costs, are stated at cost. Depreciation and amortization are computed over the estimated useful lives using the straight-line method. Leasehold improvements are amortized over the term of the lease or the estimated useful lives of the improvements, whichever is shorter. The estimated useful lives of the related assets are as follows:

Software And Website Development Costs	2 - 5 years
Office Furniture And Equipment	3 - 10 years
Leasehold Improvements	4 - 10 years

Depreciation expense for the years ended June 30, 2011 and 2010 was \$104,128 and \$95,528, respectively.

ACCOUNTS RECEIVABLE – Management estimates the net realizable value of accounts receivable by reviewing the Association's detail accounts receivable, current and past-due. Based upon this review, management estimates the amount that may not be collectible. This estimate is the basis for the allowance for doubtful accounts management records each year.

RECLASSIFICATIONS – Certain amounts in 2010 have been reclassified in order to conform to the 2011 presentation.

**Maryland Association Of Certified Public
Accountants, Inc. And Related Organizations
Notes To Combined Financial Statements
(Continued)**

June 30, 2011 And 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DONATIONS – The Association 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. When a donor 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 statement of activities as net assets released from restrictions. In addition, any interest and dividend income or realized capital gains generated from temporarily restricted net assets is recorded and classified as unrestricted net 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 when the donated or acquired long-lived assets are placed in service. All donations are recorded as revenue when received.

REVENUE – Membership dues are recognized as revenue over the membership year, which coincides with the Association's fiscal year. Any uncollected dues at the end of each year are written off, and the related memberships are terminated. Dues billed in advance of the membership year are deferred until earned.

Revenue and expenses relating to professional development programs, including continuing education and consulting, are recognized when the programs are presented. Registration fees received and expenses incurred prior to presentation are deferred.

Firms enrolled in the peer review program are assessed annual dues (self-regulating fees) for ongoing administrative costs. Revenue is recognized as the dues are assessed. Fees associated with triennial peer review examinations are recognized when the final report is accepted.

CONTRIBUTED SERVICES – Many volunteers have contributed their time and services to the activities of the Association. The value of these contributed services is not reflected in these financial statements.

EXPENSES – Costs incurred in the planning stage of developing a website and costs incurred for website maintenance are expensed as incurred. Costs of advertising and promotional campaigns are expensed as incurred.

The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the programs and supporting services benefited.

INVENTORY – Inventories are stated at the lower of cost or market determined by the first-in, first-out method.

2. CASH AND CASH EQUIVALENTS

Cash equivalents include the following interest-bearing accounts at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Overnight Investments	\$ -	\$ 1,287,596
Money Market Accounts	<u>85,654</u>	<u>29,175</u>
	<u>\$ 85,654</u>	<u>\$ 1,316,771</u>

**Maryland Association Of Certified Public
Accountants, Inc. And Related Organizations
Notes To Combined Financial Statements
(Continued)**

June 30, 2011 And 2010

2. CASH AND CASH EQUIVALENTS (CONTINUED)

The balance in overnight investments can exceed the cash balance reported in the statements of financial position because of the float of the Association's outstanding checks.

The Association maintains cash balances at a financial institution located in the Baltimore metropolitan area and, at times, balances may exceed federally insured limits. The Association has never experienced any losses related to these balances. All of the Association's non-interest bearing cash balances were fully insured at June 30, 2011 due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under the program, there is no limit to the amount of insurance for eligible accounts.

3. INVESTMENTS

The Association adopted ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 among other things, defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. ASC 820 clarifies that fair value is an exit price, representing the amount expected to be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. To increase consistency and comparability in fair value measurements and related disclosures, ASC 820 sets forth a three-tier hierarchy for the inputs used to measure fair value based on the degree to which such inputs are observable in the marketplace, as follows:

- (i) Level 1 - observable inputs such as quoted prices in active markets;
- (ii) Level 2 - inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- (iii) Level 3 - unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair value for investments in marketable securities is determined by reference to quoted prices in active markets for identical assets.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the investments in marketable securities at June 30, 2011 and 2010:

**Maryland Association Of Certified Public
Accountants, Inc. And Related Organizations
Notes To Combined Financial Statements
(Continued)**

June 30, 2011 And 2010

3. INVESTMENTS (CONTINUED)

Assets At Fair Value As Of June 30, 2011

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt Securities:				
Residential Securities	\$ 52,071	\$ -	\$ -	\$ 52,071
Commercial Securities	198,527	-	-	198,527
U.S. Treasury Notes	193,086	-	-	193,086
Corporate Bonds	<u>134,771</u>	<u>-</u>	<u>-</u>	<u>134,771</u>
Total Debt Securities	<u>578,455</u>	<u>-</u>	<u>-</u>	<u>578,455</u>
Equity Securities:				
Financial Services Industry	\$ 95,601	\$ -	\$ -	\$ 95,601
Consumer Goods Industry	152,572	-	-	152,572
Technology Industry	189,581	-	-	189,581
Other	<u>716,769</u>	<u>-</u>	<u>-</u>	<u>716,769</u>
Total Equity Securities	<u>1,154,523</u>	<u>-</u>	<u>-</u>	<u>1,154,523</u>
Mutual Funds:				
Growth Funds	\$ 88,288	\$ -	\$ -	\$ 88,288
Income Funds	66,305	-	-	66,305
Other Funds	<u>60,206</u>	<u>-</u>	<u>-</u>	<u>60,206</u>
Total Mutual Funds	<u>214,799</u>	<u>-</u>	<u>-</u>	<u>214,799</u>
Total Assets At Fair Value	<u>\$ 1,947,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,947,777</u>

Assets At Fair Value As Of June 30, 2010

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt Securities:				
Residential Securities	\$ 79,968	\$ -	\$ -	\$ 79,968
Commercial Securities	164,784	-	-	164,784
U.S. Treasury Notes	156,004	-	-	156,004
Corporate Bonds	<u>147,430</u>	<u>-</u>	<u>-</u>	<u>147,430</u>
Total Debt Securities	<u>548,186</u>	<u>-</u>	<u>-</u>	<u>548,186</u>
Equity Securities:				
Financial Services Industry	\$ 114,596	\$ -	\$ -	\$ 114,596
Consumer Goods Industry	108,840	-	-	108,840
Technology Industry	218,816	-	-	218,816
Other	<u>478,868</u>	<u>-</u>	<u>-</u>	<u>478,868</u>
Total Equity Securities	<u>921,120</u>	<u>-</u>	<u>-</u>	<u>921,120</u>
Mutual Funds:				
Growth Funds	\$ 63,374	\$ -	\$ -	\$ 63,374
Income Funds	71,651	-	-	71,651
Other Funds	<u>50,026</u>	<u>-</u>	<u>-</u>	<u>50,026</u>
Total Mutual Funds	<u>185,051</u>	<u>-</u>	<u>-</u>	<u>185,051</u>
Total Assets At Fair Value	<u>\$ 1,654,357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,654,357</u>

**Maryland Association Of Certified Public
Accountants, Inc. And Related Organizations
Notes To Combined Financial Statements
(Continued)**

June 30, 2011 And 2010

3. INVESTMENTS (CONTINUED)

Debt Securities Mature As Follows:

	<u>2011</u>	<u>2010</u>
Within Three Years	\$ 286,020	\$ 200,326
Over Three To Ten Years	<u>292,435</u>	<u>347,860</u>
	<u>\$ 578,455</u>	<u>\$ 548,186</u>

Investment Income Consisted Of:

	<u>2011</u>	<u>2010</u>
Interest And Dividends	\$ 52,526	\$ 51,299
Realized And Unrealized Gains/Losses	<u>325,519</u>	<u>124,869</u>
	<u>\$ 378,045</u>	<u>\$ 176,168</u>

Investment management fees totaling \$26,797 and \$24,022 are included in administration expenses for the years ended June 30, 2011 and 2010, respectively.

Debt securities and a money market account with a total value of \$584,594 and \$550,043 at June 30, 2011 and 2010, respectively, are pledged to secure the bank line of credit described in Note 8.

4. INCOME TAXES

The Internal Revenue Service has determined that the MACPA is exempt from federal income tax under Section 501(c)(6) and that the Foundation is exempt from federal income taxes under Section 501(c)(3). The income of BLI, Inc. is subject to federal and state income taxes. BLI, Inc. had no income tax expense for the years ended June 30, 2011 and 2010 and had a net operating loss (NOL) carryover of \$482,832 and \$399,205 as of June 30, 2011 and 2010, respectively. These carryovers begin to expire in 2023. Due to the uncertainty of the realization of the deferred tax asset associated with the NOL carryover, a full valuation allowance has been provided at June 30, 2011 and 2010.

UNCERTAIN TAX POSITIONS – The Association has adopted ASC 740, *Income Taxes*. Based on its evaluation, the Association has concluded that there are no significant uncertain tax positions requiring recognition in the financial statements. The tax years ended June 30, 2008 through June 30, 2011 remain open to examination by tax jurisdictions to which the Association is subject. The Association's policy is to record interest and penalties related to unrecognized tax benefits in income tax expense. No interest or penalties have been recorded as a result of tax uncertainties.

**Maryland Association Of Certified Public
Accountants, Inc. And Related Organizations**
Notes To Combined Financial Statements
(Continued)

June 30, 2011 And 2010

5. LEASE COMMITMENTS

The Association is presently obligated under leases for office and classroom space in Dulaney Center in Towson which expire June 30, 2014, and a lease for office and classroom space in Columbia which expires May 31, 2012.

Future minimum lease payments under the terms of the lease are as follows:

Year Ending June 30,

2012	\$	273,395
2013		245,838
2014		<u>252,243</u>

Total Future Minimum Lease Payments \$ 771,476

The lease agreements also require payments based upon the landlords' costs of insurance, real estate taxes, and operating expenses. Rent expenses, including executory costs paid to the landlords, totaling \$304,343 and \$284,273 are included in administration expenses for the years ended June 30, 2011 and 2010, respectively.

6. RETIREMENT PLAN

The Association has a retirement plan that qualifies under section 401(k) of the Internal Revenue Code. The plan covers employees who have attained the age of 21 and have completed one year of service. The Plan is a safe harbor plan that includes a safe harbor contribution and a profit sharing contribution that is vested over six years. The plan is funded in the following ways:

- Safe-harbor contributions made by the Association equal to 3% of participants' compensation.
- Profit sharing contributions made by the Association to all eligible participants at a rate determined annually by the Board of Directors. Profit sharing contribution rates for the each of the years ended June 30, 2011 and 2010 was 3% of annual compensation.
- Discretionary personal contributions made by individual employees.
- The Association pays a match of 25 cents on every dollar of employee contributions. Employee contributions of up to 4% of annual compensation are eligible for a match for a maximum Association payment of 1% of an employee's annual compensation.

Retirement plan expenses totaling \$115,477 and \$111,829 are included in administration expenses for the years ended June 30, 2011 and 2010, respectively.

Retirement plan assets totaled \$2,337,237 and \$2,282,320 as of June 30, 2011 and 2010, respectively, and are not recorded on the Association's financial statements.

**Maryland Association Of Certified Public
Accountants, Inc. And Related Organizations
Notes To Combined Financial Statements
(Continued)**

June 30, 2011 And 2010

7. EDUCATIONAL FOUNDATION

The Foundation is a public charitable and educational organization as described under Section 501(c)(3) of the Internal Revenue Code. The Foundation's assets are to be expended for its exempt charitable and educational purposes which include providing scholarships to accounting students based on need, merit and the desire to pursue a career as a Certified Public Accountant. The MACPA made contributions to the Foundation of \$7,302 and \$7,321 for the years ended June 30, 2011 and 2010, respectively. The Foundation's financial statements are consolidated with the Association's and include:

	<u>2011</u>	<u>2010</u>
Cash And Investments	\$ 242,464	\$ 211,056
Contributions Receivable	<u>791</u>	<u>3,385</u>
Total Assets	<u>\$ 243,255</u>	<u>\$ 214,441</u>
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>
Unrestricted Net Assets	<u>\$ 243,255</u>	<u>\$ 214,441</u>
Total Revenues And Gains	\$ 40,115	\$ 33,779
Total Expenses	<u>28,813</u>	<u>19,779</u>
Increase In Unrestricted Net Assets	<u>\$ 28,813</u>	<u>\$ 19,779</u>

Unrestricted net assets, revenues, and expenses for the year ended June 30, 2010 have been restated to reflect the combination of the Foundation's activity which was omitted from the financial statements. The inclusion of the Foundation increased the net assets at June 30, 2011 and 2010 by \$243,255 and \$214,441, respectively.

8. LINE OF CREDIT

The Association may borrow up to \$250,000 under terms of a revolving line of credit with a bank. The line bears interest at the bank's prime rate, and is secured by an investment account described in Note 3. No draws were made on the line during the years ended June 30, 2011 and 2010.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events and transactions for potential recognition or disclosure through October 6, 2011, the date the financial statements were available to be issued. There were no events that required recognition or disclosure in the financial statements.