LESTER AND ROSALIE ANIXTER CENTER Lincolnwood, Illinois

FINANCIAL STATEMENTS June 30, 2009 and 2008

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Independent Auditor's Report

Board of Directors Lester and Rosalie Anixter Center Lincolnwood, Illinois

We have audited the accompanying statements of financial position of the Lester and Rosalie Anixter Center (the "Anixter Center") as of June 30, 2009 and 2008 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Anixter Center'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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 2009 and 2008 financial statements referred to above present fairly, in all material respects, the financial position of Anixter Center as of June 30, 2009 and 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2009, on our consideration of Anixter Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Oak Brook, Illinois November 10, 2009

lifton Gunderson LLP

HLB International

LESTER AND ROSALIE ANIXTER CENTER STATEMENT OF FINANCIAL POSITION June 30, 2009

		Unrestricted		Ten	nporarily Restr	icted	Capital Permanently	
ASSETS	Operating	Capital	Total	Operating	Capital	Total	Restricted	Total
CURRENT ACCETO								
CURRENT ASSETS Cash and cash equivalents:								
Operating	\$ 1,283,300	\$ -	\$ 1,283,300	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ 1,333,300
Escrow accounts	Ψ 1,200,300	19,077	19,077	Ψ -	Ψ 30,000	Ψ 50,000	Ψ -	19,077
Receivables:		13,077	19,077					19,077
Grants and fees receivable, net of allowance for bad debts of \$105,657	2,335,340	_	2,335,340	_	_	_	_	2,335,340
Contributions receivable	126,590	_	126,590	_	22,249	22,249	_	148,839
Contract accounts receivables, net of allowance for bad debts of \$227,599	556,211	_	556,211	_	-	22,240	_	556,211
Due from Center Foundation	39,329	_	39,329	_	_	_	_	39,329
Miscellaneous receivables, net of allowance for bad debts of \$409	309,261	_	309,261	_	_	_	_	309,261
Inventories	20,690	_	20,690	_	_	_	_	20,690
Miscellaneous prepaid expenses	2,978		2,978				_	2,978
Prepaid insurance	285,277	_	285,277	_	_	_	_	285,277
Frepaid insurance	200,211		200,211		· 		-	200,211
Total current assets	4,958,976	19,077	4,978,053		72,249	72,249		5,050,302
NONCURRENT ASSETS								
Escrow accounts	_	665,755	665,755					665.755
	10.027	000,700	10.027	-	-	-	-	10.027
Finance charges, net of accumulated amortization of \$29,332	10,027	108,991	10,027	-	-	-	-	10,027
Deposits - Illinois Development Finance Authority loan	41.920	100,991	41,920	-	-	-	-	41,920
Security deposits Contributions receivable	117,161	-	117,161	-	2,812	2,812	-	119,973
	117,101	0.604.407	,	-	2,012	2,012		,
Investments, at fair value	-	8,621,127	8,621,127	-	-	-	261,954	8,883,081
Property and equipment, net		16,247,718	16,247,718					16,247,718
Total noncurrent assets	169,108	25,643,591	25,812,699		2,812	2,812	261,954	26,077,465
TOTAL ASSETS	\$ 5,128,084	\$ 25,662,668	\$ 30,790,752	\$ -	\$ 75,061	\$ 75,061	\$ 261,954	\$ 31,127,767
LIABILITIES AND NET ASSETS								
EINDIETTEO AND NET ACCETO								
CURRENT LIABILITIES								
Accounts payable	\$ 505,192	\$ -	\$ 505,192	\$ -	\$ -	\$ -	\$ -	\$ 505,192
Accrued salaries	845,655	-	845,655	-	-	-	-	845,655
Accrued vacation	1,245,788	-	1,245,788	-	-	-	-	1,245,788
Accrued expenses and other liabilities	482,373	-	482,373	-	-	-	-	482,373
Current portion of long-term debt	3,218,000	77,361	3,295,361		· 			3,295,361
Total current liabilities	6,297,008	77,361	6,374,369	-	-	-	-	6,374,369
LONG-TERM DEBT, net of current portion		2,223,333	2,223,333					2,223,333
Total liabilities	6,297,008	2,300,694	8,597,702	_	_	_	_	8,597,702
NET ASSETS	(1,168,924)	23,361,974	22,193,050		75,061	75,061	261,954	22,530,065
NEI AGGEIG	(1,100,924)	25,501,974	22, 193,030		10,001	75,001	201,934	22,030,000
TOTAL LIABILITIES AND NET ASSETS	\$ 5,128,084	\$ 25,662,668	\$ 30,790,752	\$ -	\$ 75,061	\$ 75,061	\$ 261,954	\$ 31,127,767

LESTER AND ROSALIE ANIXTER CENTER STATEMENT OF FINANCIAL POSITION June 30, 2008

			Un	restricted		Temporarily Restricted					Capital Permanently			
ASSETS		Operating		Capital	Total	_	Operating		Capital		Total		stricted	Total
CURRENT ASSETS														
Cash and cash equivalents:														
Operating	\$	606,318	\$	_	\$ 606,318	\$	_	\$	50,000	\$	50,000	\$	-	\$ 656,318
Escrow accounts	•	-	•	18,965	18,965	•	_	•	,	•	-	•	-	18,965
Receivables:				-,	,,,,,,									-,
Grants and fees receivable, net of allowance for bad debts of \$41,577		1,408,976		-	1,408,976		-		-		-		-	1,408,976
Contributions receivable		115,665		-	115,665		-		18,309		18,309		-	133,974
Contract accounts receivables, net of allowance for bad debts of \$272,578		706,597		-	706,597		-		-		-		-	706,597
Due from Center Foundation		47,668		-	47,668		-		-		-		-	47,668
Miscellaneous receivables, net of allowance for bad debts of \$36,660		228,073		-	228,073		-		-		-		-	228,073
Inventories		19,277		-	19,277		-		-		-		-	19,277
Miscellaneous prepaid expenses		3,128		7,848	10,976		-		-		-		-	10,976
Prepaid insurance		299,555		_	299,555	_	-		-				-	299,555
Total current assets		3,435,257	_	26,813	3,462,070	-			68,309	_	68,309		-	3,530,379
NONCURRENT ASSETS														
Escrow accounts		-		464,025	464,025		-		-		-		-	464,025
Finance charges, net of accumulated amortization of \$19,533		12,388		-	12,388		-		-		-		-	12,388
Deposits - Illinois Development Finance Authority loan		-		110,466	110,466		-		-		-		-	110,466
Security deposits		44,884		-	44,884		-		-		-		-	44,884
Contributions receivable		120,484		-	120,484		-		8,768		8,768		-	129,252
Investments, at fair value		-		9,942,901	9,942,901		-		-		-		261,954	10,204,855
Property and equipment, net			_	16,863,249	16,863,249	_			-					16,863,249
Total noncurrent assets		177,756	_	27,380,641	27,558,397	_			8,768	_	8,768		261,954	27,829,119
TOTAL ASSETS	\$	3,613,013	\$	27,407,454	\$31,020,467	\$	<u>-</u>	\$	77,077	\$	77,077	\$	261,954	\$31,359,498
LIABILITIES AND NET ASSETS														
CURRENT LIABILITIES	_		_			_		_		_		_		
Accounts payable	\$	563,677	\$	-	\$ 563,677	\$	-	\$	-	\$	-	\$	-	\$ 563,677
Accrued salaries		622,357		-	622,357		-		-		-		-	622,357
Accrued vacation		1,351,640		-	1,351,640		-		-		-		-	1,351,640
Accrued expenses and other liabilities		534,578		-	534,578		-		-		-		-	534,578
Current portion of long-term debt		-	_	71,863	71,863	-		_		_		_		71,863
Total current liabilities		3,072,252		71,863	3,144,115		-		-		-		-	3,144,115
LONG-TERM DEBT, net of current portion		900,000	_	2,284,283	3,184,283	_				_				3,184,283
Total liabilities		3,972,252		2,356,146	6,328,398		-		-		-		-	6,328,398
NET ASSETS		(359,239)	_	25,051,308	24,692,069	_	-		77,077	_	77,077		261,954	25,031,100
TOTAL LIABILITIES AND NET ASSETS	\$	3,613,013	\$	27,407,454	\$31,020,467	\$	<u>-</u>	\$	77,077	\$	77,077	\$	261,954	\$31,359,498

LESTER AND ROSALIE ANIXTER CENTER STATEMENT OF ACTIVITIES Year Ended June 30, 2009

	Unrestricted			Te	emporarily Restricte	ed	Capital Permanently		
	Operating	Capital	Total	Operating	Capital	Total	Restricted	Total	
REVENUES									
Contributions:									
United Way	\$ 65,779	\$ -	\$ 65,779	\$ -	\$ -	\$ -	\$ -	\$ 65,779	
Foundations and corporations	364,306	-	364,306	-	-	-	-	364,306	
Bequests	5,180	-	5,180	-	-	-	-	5,180	
Individual and miscellaneous	246,373	291	246,664	-	-	-	-	246,664	
In-kind contribution	45,013	11,500	56,513	-	-	-	-	56,513	
Center Foundation	282,400	-	282,400	-	-	-	-	282,400	
Special events and other	164,710	-	164,710	-	-	-	-	164,710	
Contributions from nonaffiliated organization	17,533	-	17,533	-	-	-	-	17,533	
AIDS Foundation	40,832	-	40,832	-	-	-	-	40,832	
Governmental grants	7,677,958	79,970	7,757,928	-	-	-	-	7,757,928	
Governmental fees	12,483,276	-	12,483,276	-	-	-	-	12,483,276	
Miscellaneous fees	698,531	-	698,531	-	-	-	-	698,531	
Rental revenue	1,415,636	-	1,415,636	-	-	-	-	1,415,636	
Contract revenue	5,232,079	-	5,232,079	-	-	-	-	5,232,079	
Investment dividends and interest	7,851	341,632	349,483	-	-	-	-	349,483	
Realized loss on investments	-	(635,016)	(635,016)	-	-	-	-	(635,016)	
Unrealized loss on investments	-	(1,028,501)	(1,028,501)	_	-	-	-	(1,028,501)	
Miscellaneous revenue	79,304	-	79,304	-	-	-	-	79,304	
Net assets released from restriction		2,016	2,016		(2,016)	(2,016)			
Total revenues	28,826,761	(1,228,108)	27,598,653	-	(2,016)	(2,016)		27,596,637	
EXPENSES									
Program services	24,444,461	1,022,916	25,467,377	_	_	_	_	25,467,377	
Supporting services	3,973,786	87,591	4,061,377	_	_	_	_	4,061,377	
Fundraising	560,765	8,153	568,918					568,918	
Total expenses	28,979,012	1,118,660	30,097,672				-	30,097,672	
CHANGE IN NET ASSETS	(152,251)	(2,346,768)	(2,499,019)	-	(2,016)	(2,016)	-	(2,501,035)	
NET ASSETS, BEGINNING OF YEAR	(359,239)	25,051,308	24,692,069	-	77,077	77,077	261,954	25,031,100	
Capital acquisitions	(657,434)	657,434							
NET ASSETS, END OF YEAR	<u>\$ (1,168,924)</u>	\$ 23,361,974	\$ 22,193,050	\$ <u>-</u>	\$ 75,061	\$ 75,061	\$ 261,954	\$ 22,530,065	

LESTER AND ROSALIE ANIXTER CENTER STATEMENT OF ACTIVITIES Year Ended June 30, 2008

	Unrestricted			Te	mporarily Restricte	d	Capital Permanently	
	Operating	Capital	Total	Operating	Capital	Total	Restricted	Total
REVENUES								
Contributions:								
United Way	\$ 65,522	\$ -	\$ 65,522	\$ -	\$ -	\$ -	\$ -	\$ 65,522
Foundations and corporations	345,562	12,220	357,782	-	-	-	-	357,782
Bequests	5,337	-	5,337	-	-	-	-	5,337
Individual and miscellaneous	500,080	48,517	548,597	-	-	-	-	548,597
In-kind contribution	70,182	20,730	90,912	-	-	-	-	90,912
Center Foundation	32,062	250,000	282,062	-	-	-	-	282,062
Special events and other	204,935	-	204,935	-	-	-	-	204,935
Contributions from nonaffiliated organization	12,401	-	12,401	-	-	-	-	12,401
AIDS Foundation	39,334	-	39,334	-	-	-	-	39,334
Governmental grants	7,915,532	287,477	8,203,009	-	-	-	-	8,203,009
Governmental fees	12,568,883	-	12,568,883	-	-	-	-	12,568,883
Miscellaneous fees	676,224	-	676,224	-	-	-	-	676,224
Rental revenue	1,366,147	-	1,366,147	-	-	-	-	1,366,147
Contract revenue	5,616,715	-	5,616,715	-	-	-	-	5,616,715
Investment dividends and interest	46,127	478,357	524,484	-	-	-	-	524,484
Realized gain on investments	-	75,373	75,373	-	-	-	-	75,373
Unrealized loss on investments	-	(886,565)	(886,565)	_	-	-	-	(886,565)
Miscellaneous revenue	26,660	-	26,660	-	-	-	-	26,660
Net assets released from restriction	29,097	9,868	38,965	(29,097)	(9,868)	(38,965)		
Total revenues	29,520,800	295,977	29,816,777	(29,097)	(9,868)	(38,965)		29,777,812
EXPENSES								
Program services	25,229,903	980,119	26,210,022	_	_	_	_	26,210,022
Supporting services	3,758,544	111,263	3,869,807	_	_	_	_	3,869,807
Fundraising	476,713	8,094	484,807					484,807
Total expenses	29,465,160	1,099,476	30,564,636					30,564,636
CHANGE IN NET ASSETS	55,640	(803,499)	(747,859)	(29,097)	(9,868)	(38,965)	-	(786,824)
NET ASSETS, BEGINNING OF YEAR	(35,208)	25,475,136	25,439,928	29,097	86,945	116,042	261,954	25,817,924
Capital acquisitions	(379,671)	379,671					-	
NET ASSETS, END OF YEAR	\$ (359,239)	\$ 25,051,308	\$ 24,692,069	\$ -	\$ 77,077	\$ 77,077	\$ 261,954	\$ 25,031,100

LESTER AND ROSALIE ANIXTER CENTER STATEMENT OF FUNCTIONAL EXPENSES Year Ended June 30, 2009

Program Services

				Program Services					
		Day Training	-	Substance Abuse					
	Vocational <u>Training</u>	and <u>Education</u>	Residential Services	Prevention and Treatment	Community <u>Care</u>	Calor	Chicago Hearing <u>Society</u>		
Olaff a alaria	0.500.470			A 540.700		701 001	0.70.004		
Staff salaries	\$ 2,538,479 222,399	\$ 2,462,757 212,570	\$ 4,901,975 427,301	\$ 542,760 48,913	\$ 690,633 60,334	\$ 761,281 65,180	\$ 872,064 76,974		
Payroll taxes		,	,		,		,		
Employee insurance and benefits	305,483	348,178	664,564	79,367	74,340	117,065	98,441		
Total	3,066,361	3,023,505	5,993,840	671,040	825,307	943,526	1,047,479		
Client wages and benefits	2,262,492	63,070	15,359				-		
Total salaries and related expenses	5,328,853	3,086,575	6,009,199	671,040	825,307	943,526	1,047,479		
Consultants	23,426	153,101	107,967	18,350	5,820	7,210	3,000		
Legal and audit	3,047	-	23,756	-	-		2.863		
Printing and artwork	-	_	-	331	_	1,138	5,721		
Public relations costs	15.476	88	_	35	_	2.120	12,005		
Data processing service	4,363	5,263	10,714	1,754	1,093	1,911	13,089		
Office supplies	13,085	24,403	17,848	6.019	5,268	14,497	11,010		
Activity supplies	306,834	37,962	58,355	20,047	35,797	43,384	248,131		
Food	49,291	47,146	51,062	1,060	76	17,752	1,264		
Housekeeping supplies	1,615	11,316	38,916	45	147	4,360	934		
Scavenger	8,019	15,338	33,245	1,386	668	1,509	932		
Insurance	123,744	29,742	146,786	4,064	13,728	3,162	5,221		
Fuel and utilities	106,384	109,317	279,946	13,573	9,666	14,002	9,123		
Building maintenance	81,065	110,261	245,494	13,806	8,924	25,469	9,448		
Equipment maintenance	23,212	10,735	19,565	1,640	1,671	1,138	4,810		
Equipment purchases	17,640	6,181	12,600	17,355	1,127	12,442	2,266		
Security and watch services	20,191	22,336	25,156	975	5,081	360	1,380		
Vehicle operating expense	6,181	5,316	97,385	-	12,295	-	698		
Client travel	2,300	90,965	6,007	812	411	-	730		
Staff travel	32,881	4,883	27,199	2,706	30,783	6,103	12,282		
Equipment leasing	7,699	1,629	56	21	162	129	55		
Rent	58,281	78,744	438,831	53,916	51,219	81,345	31,960		
Mortgage interest	-	-	150,538	-	-	-	-		
Other interest	-	-		-					
Telephone	39,139	28,284	89,597	6,929	17,505	10,686	19,506		
In-service training	3,347	19,731	6,515	2,186	3,546	21,418	17,378		
Postage and shipping	19,054	3,772	1,060	251	1,499	981	4,313		
Organization dues	555	730	260	15	1,140	55	1,686		
Employee procurement	1,769	8,978	9,073	84	2,201	648	3,934		
Contract coordinating	60,417	-	-	-	-	-	- 0.000		
Clerical services	250 004		10 150	- 2.070	0.540	-	6,900		
Subcontract labor	359,884	52,921	13,159	3,876	9,546	400	1,003,179		
Jan-Tech allocation	(160,974)	(4.000)	4 004	-	-	-	- 45 700		
Bad debts	(1,134)	(4,992)	1,994	-	-	-	45,720		
Interprogram services	(194,026)	(2,414)	-	-	-	-	(118,342)		
Special events Miscellaneous	2,634	1,220	3,979	1,385	273	532	10,013		
Total expenses before depreciation	6,364,252	3,959,531	7,926,262	843,661	1,044,953	1,216,277	2,418,688		
Depreciation and amortization	170,405	174,827	565,872	17,955	20,369	29,990	24,547		
	,100	,021	000,012						
TOTAL EXPENSES	\$ 6,534,657	\$ 4,134,358	\$ 8,492,134	\$ 861,616	\$ 1,065,322	\$ 1,246,267	\$ 2,443,235		

	Program Serv	ices (continued)					
	National Lekotek Center	Total Program Services	Fundraising	<u>Training</u>	Management and General	Total Supporting Services and Fundraising	Total Expenses
Staff salaries	\$ 343,448	\$ 13,113,397	\$ 311,597	\$ 134,880	\$ 2,465,036	\$ 2,911,513	\$ 16,024,910
Payroll taxes	29,619	1,143,290	26,637	11,569	205,683	243,889	1,387,179
Employee insurance and benefits	40,630	1,728,068	32,006	16,755	258,397	307,158	2,035,226
Total	413,697	15,984,755	370,240	163,204	2,929,116	3,462,560	19,447,315
	110,001	, ,	070,210		2,020,110	, ,	, ,
Client wages and benefits		2,340,921		2,682		2,682	2,343,603
Total salaries and related expenses	413,697	18,325,676	370,240	165,886	2,929,116	3,465,242	21,790,918
Consultants	11,592	330,466	(106)	600	2,098	2,592	333,058
Legal and audit Printing and artwork	6,335	29,666 13,525	12,099	-	173,478 6,940	173,478 19,039	203,144 32,564
Public relations costs	16,443	46,167	1,351	-	11,676	13,027	59,194
Data processing service	604	38,791	420	239	3,058	3,717	42,508
Office supplies	3,924	96,054	2,470	4,537	28,996	36,003	132,057
Activity supplies	51,183	801,693	1,150	721	1,131	3,002	804,695
Food	1,002	168,653	333	452	2,705	3,490	172,143
Housekeeping supplies	424	57,757	197	923	1,990	3,110	60,867
Scavenger	1,393	62,490	478	610	2,000	3,088	65,578
Insurance	2,700	329,147	675	1,687	20,618	22,980	352,127
Fuel and utilities	13,639	555,650	4,687	8,115	25,169	37,971	593,621
Building maintenance	16,145	510,612	4,952	5,823	24,895	35,670	546,282
Equipment maintenance	1,504	64,275	7,497	1,300	24,583	33,380	97,655
Equipment purchases	1,096	70,707	122	343	12,001	12,466	83,173
Security and watch services	1,083	76,562	734	2,264	2,457	5,455	82,017
Vehicle operating expense	19	121,894	-	-	34	34	121,928
Client travel	12	101,237	-	-	-	-	101,237
Staff travel	7,302	124,139	3,451	386	11,058	14,895	139,034
Equipment leasing	232	9,983	85	61	9,258	9,404	19,387 948.694
Rent Mortgage interest	52,033	846,329	-	-	102,365	102,365 20,783	948,694 171,321
Mortgage interest Other interest	-	150,538	-	-	20,783 98,544	20,763 98,544	98,544
Telephone	4,577	216,223	1,925	1,685	70,545	74,155	290,378
In-service training	10,200	84,321	34,428	2,326	41,611	78,365	162,686
Postage and shipping	3,088	34,018	4,135	1,130	19,215	24,480	58,498
Organization dues	159	4,600	1,105	100	35,539	36,744	41.344
Employee procurement	135	26,822	2,981	36	3,829	6,846	33,668
Contract coordinating	-	60,417	-	-	-	-	60,417
Clerical services	-	6,900	300	-	735	1,035	7,935
Subcontract labor	46,626	1,489,591	11,184	4,147	71,196	86,527	1,576,118
Jan-Tech allocation	-	(160,974)	-	-	-	-	(160,974)
Bad debts	829	42,417	3,040	-	-	3,040	45,457
Interprogram services	-	(314,782)	-	(975)	-	(975)	(315,757)
Special events	-	-	88,697	-	-	88,697	88,697
Miscellaneous	2,861	22,897	2,135	117	13,650	15,902	38,799
Total expenses before depreciation	670,837	24,444,461	560,765	202,513	3,771,273	4,534,551	28,979,012
Depreciation and amortization	18,951	1,022,916	8,153	12,997	74,594	95,744	1,118,660
TOTAL EXPENSES	\$ 689,788	\$ 25,467,377	\$ 568,918	\$ 215,510	\$ 3,845,867	\$ 4,630,295	\$ 30,097,672

LESTER AND ROSALIE ANIXTER CENTER STATEMENT OF FUNCTIONAL EXPENSES Year Ended June 30, 2008

		Day Training		Program Services Substance Abuse	s		
	Vocational <u>Training</u>	and Education	Residential Services	Prevention and Treatment	Community <u>Care</u>	Calor	Chicago Hearing <u>Society</u>
Staff salaries	\$ 2,560,083	\$ 2,730,544	\$ 4,832,554	\$ 573,574	\$ 730,975	\$ 742,376	\$ 837,837
Payroll taxes	192,448	211,114	368,392	43,664	56,064	56,088	66,217
Employee insurance and benefits	316,508	385,132	686,387	75,621	83,284	108,495	104,810
Total	3,069,039	3,326,790	5,887,333	692,859	870,323	906,959	1,008,864
Client wages and benefits	2,229,858	68,668	20,425				
Total salaries and related expenses	5,298,897	3,395,458	5,907,758	692,859	870,323	906,959	1,008,864
Consultants	21,133	203,538	115,418	18,350	4,800	23,240	5,508
Legal and audit	2,811	-	35,403	-	-	179	-
Printing and artwork	-	-	-	757	81	1,296	11,844
Public relations costs	25,514	99	-	35	-	2,799	15,631
Data processing service	4,298	5,473	10,448	1,559	1,169	1,633	7,257
Office supplies	15.642	22.893	21.730	4.013	4,564	10.965	12.519
Activity supplies	269,497	47,388	65,041	4,694	60,090	37,677	215,781
Food	47,132	57,036	73,451	859	105	16,806	1,378
Housekeeping supplies	2,452	13,044	41,445	486	22	2,788	912
	7,463	14,732	34,664	1,487	707	264	1,000
Scavenger	120,019	36,858		9,235			13,715
Insurance			170,188		14,031	7,500	
Fuel and utilities	110,621	111,163	265,493	14,504	10,269	16,295	10,342
Building maintenance	34,519	41,733	198,886	2,318	3,381	17,022	4,818
Equipment maintenance	25,655	9,335	24,303	2,469	1,595	2,995	4,845
Equipment purchases	11,267	12,437	19,899	1,009	2,131	12,981	1,482
Security and watch services	21,154	22,607	25,566	1,065	4,827	888	1,219
Vehicle operating expense	8,695	8,233	112,427	-	11,800	-	254
Client travel	1,619	181,490	5,716	1,602	765	3,960	936
Staff travel	36,913	3,634	29,238	2,296	31,588	6,545	6,968
Equipment leasing	3,572	1,605	107	147	149	156	252
Rent	57,510	75,015	444,138	53,916	70,441	136,871	29,524
Mortgage interest	-	-	156,293	-	-	-	-
Other interest	_	-	· -	_	_	_	-
Telephone	39,647	29,276	96.824	6.549	19,115	13,197	18.359
In-service training	1,644	25.049	8.829	2,659	2,905	20,011	19,941
Postage and shipping	19,093	3,170	1,188	332	1,329	108	5,518
Organization dues	602	855	465	30	805	165	1.348
Employee procurement	1,790	7,295	11,763	1,581	1,754	924	1,279
Contract coordinating	57,682	7,200	11,700	1,501	1,7 04	-	1,275
Subcontract labor	400,767	111,114	29,210	11,784	18,643	697	1,338,284
		111,114	29,210	11,104	10,043	097	1,330,204
Jan-Tech allocation	(71,562)	- 140	1 100	- - 070	-	-	(24.044)
Bad debts	150,606	112	1,198	5,876	-	-	(21,041)
Interprogram services	(194,227)	(4,324)	(84,269)	-	-	-	(120,673)
Special events Miscellaneous	- 1,753	- 676	5, 72 3	289	- 118	- 11,442	- 11,448
Total expenses before depreciation	6,534,178	4,436,994	7,828,543	842,760	1,137,507	1,256,363	2,609,512
Depreciation and amortization	163,530	177,158	532,849	20,867	19,375	22,032	24,188
20p. 30.2.011 und unfortization	100,000	111,100	552,049	20,007	10,010	22,002	27,100
TOTAL EXPENSES	\$ 6,697,708	\$ 4,614,152	\$ 8,361,392	\$ 863,627	\$ 1,156,882	\$ 1,278,395	\$ 2,633,700

	Program Servi	ices (continued)					
	National <u>Lekotek Center</u>	Total Program Services	<u>Fundraising</u>	Training	Management and General	Total Supporting Services and <u>Fundraising</u>	Total <u>Expenses</u>
Staff salaries	\$ 334,037	\$ 13,341,980	\$ 212,544	\$ 207,889	\$ 2,260,411	\$ 2,680,844	\$ 16,022,824
Payroll taxes	26,805	1,020,792	15,579	16,925	157,885	190,389	1,211,181
Employee insurance and benefits	40,124	1,800,361	24,718	31,602	260,413	316,733	2,117,094
Total	400,966	16,163,133	252,841	256,416	2,678,709	3,187,966	19,351,099
Client wages and benefits		2,318,951		2,870		2,870	2,321,821
Total salaries and related expenses	400,966	18,482,084	252,841	259,286	2,678,709	3,190,836	21,672,920
Consultants	7,300	399,287	23,700	1,069	8,109	32,878	432,165
Legal and audit	-	38,393	-	-	172,858	172,858	211,251
Printing and artwork	2,646	16,624	10,049	-	13,462	23,511	40,135
Public relations costs	13,669	57,747	1,061	-	15,672	16,733	74,480
Data processing service	545	32,382	309	446	2,911	3,666	36,048
Office supplies	7,617	99,943	2,133	2,813	25,121	30,067	130,010
Activity supplies	16,292	716,460	1,284	4,252	2,257	7,793	724,253
Food	1,084	197,851	331	1,686	3,062	5,079	202,930
Housekeeping supplies	552	61,701	43	540	1,324	1,907	63,608
Scavenger	1,169	61,486	392	617	1,922	2,931	64,417
Insurance	6,472	378,018	1,002	3,135	20,136	24,273	402,291
Fuel and utilities	14,689	553,376	3,726	8,420	21,905	34,051	587,427
Building maintenance	6,832	309,509	113	2,517	2,020	4,650	314,159
Equipment maintenance	6,951	78,148	7,631	800	23,297	31,728	109,876
Equipment purchases	2,915	64,121	584	1,142	19,539	21,265	85,386
Security and watch services	1,190	78,516	456	4,263	2,245	6,964	85,480
Vehicle operating expense	-	141,409	-	-	-	-	141,409
Client travel	-	196,088	-	-	-	-	196,088
Staff travel	6,892	124,074	1,940	582	12,446	14,968	139,042
Equipment leasing	103	6,091	117	3,309	9,875	13,301	19,392
Rent	43,212	910,627	-	-	98,744	98,744	1,009,371
Mortgage interest	-	156,293	-	-	18,562	18,562	174,855
Other interest	-	-	0.004	- 0.000	47,687	47,687	47,687
Telephone	4,802	227,769	2,221	3,328	72,252	77,801	305,570
In-service training	11,507	92,545 34.993	31,848	17,866	39,903	89,617	182,162
Postage and shipping	4,255	. ,	2,030	1,323	19,060	22,413	57,406
Organization dues	-	4,270	95	380	36,414	36,889	41,159
Employee procurement	451	26,837	576	4,121	1,921	6,618	33,455
Contract coordinating	44.270	57,682	22.240	44.000	- 02.044	-	57,682
Subcontract labor	14,378	1,924,877	33,310	14,690	63,914	111,914	2,036,791
Jan-Tech allocation	(22)	(71,562) 136,728	-	-	(32,066)	(22.066)	(71,562) 104,662
Bad debts	(23)		-	(4.050)	(32,000)	(32,066)	
Interprogram services	-	(403,493)	95,680	(1,250)	-	(1,250) 95,680	(404,743) 95,680
Special events Miscellaneous	7,580	39,029	3,241	49	19,899	23,189	62,218
Total expenses before depreciation	584,046	25,229,903	476,713	335,384	3,423,160	4,235,257	29,465,160
Depreciation and amortization	20,120	980,119	8,094	13,636	97,627	119,357	1,099,476
TOTAL EXPENSES	\$ 604,166	\$ 26,210,022	\$ 484,807	\$ 349,020	\$ 3,520,787	\$ 4,354,614	\$ 30,564,636

LESTER AND ROSALIE ANIXTER CENTER STATEMENTS OF CASH FLOWS Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,501,035)	\$ (786,824)
Adjustments to reconcile change in net assets to net		
cash provided by (used in) operating activities:		
Depreciation and amortization	1,118,660	1,099,476
Bad debt expense	45,457	104,662
Donated equipment and materials	(11,500)	(31,249)
Section 811 capital advance	-	(287,477)
Interest expense - accretion of loan	16,416	18,320
Realized (gain) loss on investments	635,016	(75,373)
Unrealized loss on investments	1,028,501	886,565
Effects of changes in operating assets and liabilities:		
Accounts receivable	(899,870)	(374,224)
Other assets	27,663	88,594
Accrued expenses and other liabilities	6,758	(514,857)
Net cash provided by (used in) operating activities	(533,934)	127,613
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment and deposits made	(491,629)	(611,841)
Proceeds from sale of investments	2,181,627	2,357,092
Purchase of investments	(2,523,370)	(2,722,139)
Increase in escrow deposits	(201,730)	(51,444)
Net cash used in investing activities	(1,035,102)	(1,028,332)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net draws on line of credit	2,317,993	900,000
Principal payments under long-term debt	(71,863)	(154,453)
i illicipal payments under long-term debt	(11,003)	(134,433)
Net cash provided by financing activities	2,246,130	745,547
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	677,094	(155,172)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	675,283	830,455
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,352,377	\$ 675,283

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lester and Rosalie Anixter Center ("Anixter Center") is an Illinois not-for-profit charitable organization that operates various programs in Chicago and the vicinity, assisting people with disabilities to live and work successfully in the community.

Basis of Presentation

The financial statements of Anixter Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Assets and liabilities are considered by management to be either "operating" or "capital" in nature. Operating assets and liabilities are items that affect Anixter Center's ability to perform day-to-day functions. Capital assets and liabilities are items that affect the long-term operations of Anixter Center.

Classification of Net Assets

Anixter Center's net assets have been grouped into the following three classes:

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Temporarily Restricted - Net assets whose use by Anixter Center is subject to donor-imposed stipulations that can be fulfilled by actions of Anixter Center pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted - Net assets subject to donor-imposed stipulations that the assets be maintained permanently by Anixter Center. Generally, the donors of these assets permit Anixter Center to use all or part of the interest and dividends earned on these assets. Such assets primarily include Anixter Center's permanent endowment funds.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, Anixter Center considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Anixter Center maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. Anixter Center has not experienced any losses in such accounts. Anixter Center believes it is not exposed to any significant credit risk on cash.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and Other Revenues

Anixter Center receives all of its grant, contract and government fee revenue from federal, state and city agencies. Anixter Center recognizes grant and contract revenue (up to the respective ceiling) either on a pro rata basis over a 12-month period, which represents the service period for certain arrangements, or as expenses are incurred. Government fee revenue is recognized as services are provided, in amounts provided for under the terms of the underlying agreements.

Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by Anixter Center with the terms of the grants/contracts.

Contributions and unconditional pledges of cash and other assets are reported at their fair market value as of the date the pledge is received to the extent estimated to be collectible by Anixter Center. Contributions and pledges received with donor restrictions that limit the use of the donated assets are reported as temporarily restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restrictions are accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. Restricted earnings are recorded as temporarily restricted net assets until amounts are expended in accordance with donors' specifications. However, if a restriction is fulfilled in the same time period in which the contribution is received, Anixter Center reports the support as unrestricted.

Unconditional pledges that are expected to be collected within one year are recorded at their net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of estimated cash flows. The discounts on those amounts are computed using a risk-free rate applicable to the years in which the promise is received. Amortization of the discount is included in contribution revenue.

Endowment contributions are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets.

Receivables

Receivables are carried at original invoice less estimates made for doubtful receivables. Management determines the allowance for doubtful accounts by reviewing and identifying troubled accounts on a monthly basis and by using historical experience applied to an aging of accounts. A receivable is considered past due if it is outstanding for more than 90 days. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Anixter Center accounts for its investment securities and debt securities under SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. Investments in marketable equity securities and debt securities are reported in the Statements of Financial Position at fair values based on quoted market prices. Unrealized and realized gains and losses are included in the Statements of Activities. Anixter Center's investments are exposed to various risks such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and materially affect the amounts reported in the Statements of Financial Position.

Depreciation and Amortization

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the underlying assets. Anixter Center's policy is to capitalize all purchases of property and equipment greater than \$500.

	<u>Years</u>
Buildings	25 - 40
Leasehold improvements	10
Autos and trucks	5
Furniture and equipment	5

Impairment of Long-Lived Assets

Anixter Center reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Use of Estimates in Preparing Financial Statements

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 as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Costs

Expenses are allocated to programs, fundraising and management and general according to actual use wherever practical. Indirect expenses that benefit more than one program have been allocated to the programs which benefit from these costs.

Income Taxes

Anixter Center is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). In addition, Anixter Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(iii) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Change in Accounting Principles

Effective July 1, 2008, Anixter Center adopted FASB Statement No. 157, *Fair Value Measurements* (FAS 157), which provides a comprehensive framework for measuring fair value and expands disclosures which are required about fair value measurements. Specifically, FAS 157 sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs. The adoption of FAS 157 did not have a material impact on Anixter Center's financial statements. See Note 15.

Effective June 30, 2009, Anixter Center adopted FASB Statement No. 165, Subsequent Events (FAS 165), which introduces the concept of financial statements being available to be issued and requires disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. The adoption of FAS 165 did not have a material impact on Anixter Center's financial statements. See Note 17.

Effective July 1, 2008, Anixter Center adopted FAS 117-1, Endowments of Not-for-Profit Organizations: 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, which 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). UPMIFA is a model act approved by the Uniform Law Commission (ULC; formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation. The State of Illinois has adopted UPMIFA with an effective date of June 30, 2009. This FSP also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Standards

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, an interpretation of FASB Statement 109. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 will be effective for Anixter Center starting with the fiscal year ending June 30, 2010. Management is currently assessing the impact of FIN 48 on its Statement of Financial Position and Statement of Activities.

In April 2009, the FASB issued FASB Statement No. 164, *Not-for-Profit Entities: Mergers and Acquisitions*. FAS 164 is intended to improve the financial accounting and reporting for not-for-profit mergers and acquisitions and goodwill and other intangible assets. FAS 164 will be effective for Anixter Center for the fiscal year ending June 30, 2010 and is not expected to have a material effect on the financial statements.

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable, as of June 30 are as follows:

		<u>2009</u>		<u>2008</u>
Pledges due in less than one year Pledges due in one to five years	\$	148,839 130,353	\$	133,974 140,819
Total Less unamortized discount on contributions receivable		279,192 (10,380)		274,793 (11,567)
Contributions receivable adjusted to present value of the estimated future cash flows	<u>\$</u>	268,812	<u>\$</u>	263,226

NOTE 3 - INVESTMENTS

Investments are summarized as follows, as of June 30:

	<u>2009</u>	<u>2008</u>
Unrestricted investments: Money market funds Common stock	\$ 299,773 3,754,439	\$ 312,765 4,530,276
Corporate bonds Mutual funds Other fixed income	344,048 408,402 <u>3,814,465</u>	340,442 469,655 4,289,763
Total	8,621,127	9,942,901
Permanently restricted investments: Corporate bonds Money market funds	249,640 12,314	249,640 12,314
Total	261,954	261,954
Total investments	<u>\$ 8,883,081</u>	<u>\$ 10,204,855</u>

The components of investment income and gains and losses on investments are as follows for the year ended June 30:

	<u>2009</u>	<u>2008</u>
Unrestricted: Interest and dividends Realized gains (losses) Unrealized losses	\$ 349,483 (635,016) (1,028,501)	\$ 524,484 75,373 (886,565)
Total	<u>\$ (1,314,034</u>)	<u>\$ (286,708)</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2009:

				ccumulated epreciation and		
		Cost	<u>Ar</u>	<u>mortization</u>		<u>Net</u>
Land, buildings and improvements:						
Anixter Building	\$	4,796,713	\$	2,782,289	\$	2,014,424
Skolnick Building		682,054		386,235		295,819
Clark Building		2,137,812		1,286,548		851,264
Jarvis Building		507,250		307,874		199,376
Wallen Building		179,828		122,767		57,061
Hoyne Building		1,383,101		509,446		873,655
Dobson Building		1,593,741		561,434		1,032,307
Casa Contreras		2,207,753		451,174		1,756,579
Halsted Property		3,266,668		146,113		3,120,555
Anixter Village		4,648,179		138,937		4,509,242
Leasehold improvements		3,222,194		2,185,547		1,036,647
Furniture, equipment, autos and trucks		<u>5,493,978</u>		4,993,189		500,789
Total	\$ 3	<u>30,119,271</u>	\$	<u>13,871,553</u>	<u>\$</u>	<u>16,247,718</u>

Property and equipment consisted of the following as of June 30, 2008:

			Accumulated Depreciation and	
		Cost	Amortization	<u>Net</u>
Land, buildings and improvements:				
Anixter Building	\$	4,727,315	\$ 2,543,128	\$ 2,184,187
Skolnick Building		676,041	368,075	307,966
Clark Building		2,103,799	1,214,912	888,887
Jarvis Building		486,564	279,301	207,263
Wallen Building		177,478	112,733	64,745
Hoyne Building		1,367,901	472,758	895,143
Dobson Building		1,586,671	512,610	1,074,061
Casa Contreras		2,173,994	378,683	1,795,311
Halsted Property		3,266,668	87,668	3,179,000
Anixter Village		4,648,179	46,312	4,601,867
Leasehold improvements		3,102,694	1,965,899	1,136,795
Furniture, equipment, autos and trucks	_	5,298,841	4,770,817	528,024
Total	<u>\$2</u>	<u> 29,616,145</u>	<u>\$12,752,896</u>	<u>\$ 16,863,249</u>

NOTE 4 - PROPERTY AND EQUIPMENT (continued)

The Hoyne, Dobson, Casa Contreras, Halsted and Anixter Village buildings were built with grants from the U.S. Department of Housing and Urban Development ("HUD") and are to be returned to HUD if they do not remain available for very low-income persons with disabilities. Anixter Center may not transfer, dispose of or encumber these properties without the approval of HUD.

NOTE 5 - CAPITAL ADVANCE

Anixter Center has received capital advances under Section 811 of the National Affordable Housing Act for construction costs of The Center Apartments, Evanston Apartments, Crystal Courts, Inc., Halsted Apartments and Anixter Village projects (the "Projects") totaling \$8,725,705. The capital advances do not bear interest and need not be repaid as long as the Projects remain available for disabled persons for at least 40 years. Failure to do so will result in the conversion from capital advances to notes payable with interest charged at 4.75% - 8.375% per annum beginning as of the date of the first advance. The advances are secured by the deeds of trust on each property. As the Projects are currently available for disabled persons and are expected to remain so for the remaining 25 - 40 years of the 40-year periods, these advances were accounted for as contributions when received in the current and prior years and, therefore, do not appear as liabilities in Anixter Center's Statements of Financial Position. There were no Capital advances received during 2009. Capital advances of \$287,477 were received during 2008 for the Anixter Village Apartments' construction costs.

NOTE 6 - LINE OF CREDIT

As of June 30, 2009, Anixter Center had \$3,218,000 outstanding under its line of credit with Charter One Bank. As of June 30, 2008, Anixter had \$900,000 outstanding under its line of credit agreement with Charter One Bank. Any borrowings under this line of credit bear interest at the LIBOR rate (1.61% and 3.31% as of June 30, 2009 and 2008, respectively) plus 2.5% and are secured by Anixter Center's investments. As of June 30, 2009, maximum available borrowings on the line of credit were \$6,500,000. The agreement expires on February 28, 2010.

NOTE 7 - LONG-TERM DEBT

The components on long-term debt are as follows as of June 30:

	<u>2009</u>	<u>2008</u>
Mortgage loan payable to U.S. Department of Housing and Urban Development, requiring monthly payments of \$4,364, bearing interest of 8.5%, maturing on March 30, 2022; secured by Chase Apartments (Skolnick) building.	\$ 406,863	\$ 423,857
Mortgage loan payable to U.S. Department of Housing and Urban Development, requiring monthly payments of \$9,902, bearing interest of 9.25%, maturing in January 2025; secured by Clark Apartments building.	979,011	1,005,917
Note payable to Illinois Development Finance Authority. (See Note 9.)	444,278	472,246
Mortgage loan payable to City of Chicago Department of Housing - Crystal Courts project (Casa Contreras). (See Note 8.)	34,820	32,315
Mortgage loan payable to City of Chicago Department of Housing - Halsted Apartments. (See Note 8.)	435,722	421,811
Total long-term debt Less current maturities	2,300,694 (77,361)	2,356,146 (71,863)
Total	\$ 2,223,333	\$ 2,284,283
Maturities on long-term debt are as follows:		
Years Ending June 30:		
2010 2011 2012 2013 2014 Later years	\$ 77,361 83,941 90,240 97,698 105,657 1,845,797	
Total	<u>\$ 2,300,694</u>	

NOTE 8 - MORTGAGE LOANS PAYABLE - CITY OF CHICAGO

	<u>2009</u>	<u>2008</u>
Mortgage note, dated June 8, 1999, payable to the City of Chicago. Original loan balance of \$339,039, with 0.00% interest per annum, due June 8, 2039. The loan is secured by a junior mortgage and corresponding security agreement on the land of the Crystal Courts project (Casa Contreras).		
Amount due Imputed interest, 7.75%	\$ 303,339 (268,519)	\$ 303,339 (271,024)
Present value	<u>\$ 34,820</u>	<u>\$ 32,315</u>
Mortgage note, dated June 1, 2004, payable to the City of Chicago. Original loan balance with maximum draws of \$545,108 with 3.00% interest per annum, due June 8, 2039. The loan is secured by a junior mortgage and corresponding security agreement on the land of the Halsted Apartments project.		
Amount due, including accrued interest of \$46,865 and \$32,869 as of June 30, 2009 and 2008, respectively. Imputed interest, 3.00-5.25%	\$ 506,232 (70,510)	\$ 506,232 (84,421)
Present value	<u>\$ 435,722</u>	<u>\$ 421,811</u>

It is believed that the City of Chicago will waive the repayment of both the Casa Contreras and Halsted Apartments' notes at their respective dates of maturity.

For the years ended June 30, 2009 and 2008, Anixter Center incurred \$16,416 and \$18,320, respectively, of accreted interest related to these notes.

NOTE 9 - NOTE PAYABLE - ILLINOIS DEVELOPMENT FINANCE AUTHORITY

On May 12, 1998, Anixter Center received proceeds of \$4,940,000 from a loan from the Illinois Development Finance Authority. These proceeds were deposited in restricted trust accounts for the purpose of refinancing loans payable by Anixter Center, Center Foundation and for constructing other residential housing for the developmentally disabled. The loan for the Anixter Building owned by Anixter Center and loans on various buildings owned by Center Foundation were refinanced with proceeds from the restricted trust accounts. New construction has also been financed from these accounts. Both Anixter Center and Center Foundation have joint and several liability with respect to the repayment of the entire debt. Both organizations are current on all required payments under this debt.

NOTE 9 - NOTE PAYABLE - ILLINOIS DEVELOPMENT FINANCE AUTHORITY (continued)

The balances as of June 30, 2009 are detailed as follows:

	Anixter <u>Center</u>	Center Foundation	<u>Total</u>		
Original loan balances Principal payments	\$ 690,844 246,566	\$ 4,249,156 1,612,599	\$ 4,940,000 1,859,165		
Balance	<u>\$ 444,278</u>	<u>\$ 2,636,557</u>	\$ 3,080,835		
Trust account balances	<u>\$ 108,991</u>	<u>\$ 774,479</u>	<u>\$ 883,470</u>		

The balances as of June 30, 2008 are detailed as follows:

	Anixter <u>Center</u>	Center <u>Foundation</u>	<u>Total</u>		
Original loan balances Principal payments	\$ 690,844 218,598	\$ 4,249,156 1,320,568	\$ 4,940,000 1,539,166		
Balance	<u>\$ 472,246</u>	\$ 2,928,588	\$ 3,400,834		
Trust account balances	<u>\$ 110,466</u>	<u>\$ 900,111</u>	<u>\$ 1,010,577</u>		

The note matures in 2019 and bears interest at 5.6%. The note is secured by the buildings and Anixter Center's assets.

Anixter Center's Board of Directors is currently looking into calling the above mentioned bond at the next available date, January 1, 2010. However, no formal action has been taken subsequent to June 30, 2009 and through the report date.

NOTE 10 - LEASE COMMITMENTS AND TRANSACTIONS WITH CENTER FOUNDATION

Anixter Center has entered into leases for its office, various other buildings and equipment. The leases for various other buildings and equipment are with Center Foundation. Center Foundation shares common management with Anixter Center. During the years ended June 30, 2009 and 2008, Anixter Center accrued \$636,636 and \$650,058, respectively, in total building rental cost and \$0 and \$3,204, in total equipment rental cost regarding the leases with Center Foundation. Anixter Center has also entered into various future lease commitments with nonrelated parties for some office space and equipment. Future lease commitments for the office, various other buildings and equipment in effect are as follows, as of June 30, 2009:

NOTE 10 - LEASE COMMITMENTS AND TRANSACTIONS WITH CENTER FOUNDATION (continued)

Years Ending June 30:	<u>R</u>	Rel	ated Party	Non-l	Related Party	<u>Total</u>
2010		\$	618,731	\$	252,325	\$ 871,056
2011			312,450		226,405	538,855
2012			251,680		196,372	448,052
2013			82,745		88,527	171,272
2014			19,142			 19,142
Total		\$	1,284,748	\$	763,629	\$ 2,048,377

Several of the leases between Anixter Center and Center Foundation contain provisions for adjustments to the required lease payments, based upon the increase in the consumer price index. Such adjustments have not been reflected in the future maturities presented above, as it is not known what, if any, adjustment will occur.

Anixter Center also paid expenses and other cash requirements for Center Foundation. As of June 30, 2009 and 2008, Anixter Center had a balance due from Center Foundation of \$39,329 and \$47,668, respectively.

In 2009 and 2008, cash contributions were made by Center Foundation to Anixter Center totaling \$282,400 and \$282,062, respectively. Of this amount, \$250,000 in both 2009 and 2008 enabled Anixter Center to pay for capital improvements for the buildings.

NOTE 11 - TAX DEFERRED SAVINGS PLAN

Anixter Center has made available to its employees tax deferred savings plans that allow them to contribute a percentage of their earnings to the plans. Anixter Center contributes either 50% or 75% of the employee's contributions, depending on plan, with a limit of 6% of annual earnings. Employees become eligible to participate in this plan after completing three months of service. The funds in these plans are fully vested and are not managed or controlled by Anixter Center. Matching contributions relating to these plans totaled \$366,984 and \$382,295 during 2009 and 2008, respectively.

NOTE 12 - CONCENTRATIONS

In 2009 and 2008, approximately 71% and 70%, respectively, of Anixter Center's operating revenues were provided by governmental funding sources. Of the amount provided by governmental funding sources, 74%, in each year, was provided by the Illinois Department of Human Services (IDHS). Receivables from IDHS represent 54% and 53% of total grants and fees receivable as of June 30, 2009 and 2008, respectively.

NOTE 13 - COLLECTIVE BARGAINING AGREEMENTS

A significant portion of Anixter Center's non-management employees are covered by collective bargaining agreements. The agreement with direct service staff is scheduled to expire within the next year. If Anixter Center and the Local 20 SEIU representing such workers (totaling approximately 60% of all employees) are unable to agree on a new contract prior to expiration of the current contract, a work stoppage may occur that could adversely affect results of operations.

NOTE 14 - OTHER CASH FLOW INFORMATION

During 2009 and 2008, Anixter Center received Section 811 capital advances of \$0 and \$287,477, respectively, for the payment of construction costs.

During 2009 and 2008, Anixter Center paid cash for interest of \$270,192 and \$222,840, respectively.

NOTE 15 - FAIR VALUE OF FINANCIAL INSTRUMENTS

FAS 157 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. FAS 157 defines levels within the hierarchy based on the reliability of inputs as follows:

- Level 1 Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets:
- Level 2 Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 Valuations derived from valuation techniques in which one or more significant inputs
 or significant value drivers are unobservable, such as pricing models, discounted cash flow
 models and similar techniques not based on market, exchange, dealer or broker-traded
 transactions.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy.

Investments

Investments listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy and are reported as current assets in the accompanying Statements of Financial Position.

NOTE 15 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Contributions receivable

Fair value of contributions receivable is determined by calculating the present value of future cash in-flows as expected to be received by management. Such receivables are classified within Level 3 of the valuation hierarchy and are reported as both current and noncurrent assets within the accompanying Statements of Financial Position.

The following is a reconciliation of the beginning and ending balances of assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) during the year ended June 30, 2009:

Contributions receivable:

Collections on prior year receivables Change in present value discount	(125,321) 1,187
Balance as of June 30, 2009	\$ 268.812

NOTE 16 - ENDOWMENTS

Endowment net assets by type of fund consist of the following:

	2009					
	Unrestricted	Temporarily <u>Restricted</u>	Permanently Restricted	<u>Total</u>		
Donor-restricted endowment funds		\$ -	\$ 261,954	\$ 261,954		
		20	08			
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>		
Donor-restricted endowment funds	<u>\$ -</u>	\$ -	<u>\$ 261,954</u>	\$ 261,954		

NOTE 16 - ENDOWMENTS (continued)

The changes in endowment net assets for the fiscal years ended June 30, 2009 and 2008 are as follows:

do followo.	Unrestricted	Temporarily Restricted	Permanently Restricted	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 261,954	\$ 261,954
Investment return: Investment income Net appreciation	<u>-</u> -	13,479 	<u>-</u> -	13,479
Total investment return		13,479		13,479
Appropriation of endowment assets for expenditure		(13,479)		(13,479)
Endowment net assets, June 30, 2008			<u>261,954</u>	261,954
Investment return: Investment income Net appreciation	<u> </u>	10,310	<u>-</u>	10,310
Total investment return		10,310		10,310
Appropriation of endowment assets for expenditure		(10,310)		(10,310)
Endowment net assets, June 30, 2009	<u>\$ - </u>	<u>\$ -</u>	<u>\$ 261,954</u>	<u>\$ 261,954</u>

Anixter Center's endowment consists of various funds established to support Anixter Center's mission. Endowment income is to be used towards scholarships for people with disabilities, professional development grants for staff and for special needs for which no other funding is available. As required by generally accepted accounting principles, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Anixter Center's interpretation of the laws governing restrictions on net appreciation of donor-restricted endowments is based on UPMIFA. Consequently, net appreciation is temporarily restricted if investment income is temporarily restricted; permanently restricted if investment income is permanently restricted; and unrestricted if investment income is unrestricted.

NOTE 16 - ENDOWMENTS (continued)

Donor funds received for endowment are invested in a pool of investments managed by an investment advisor at an independent brokerage firm. See Note 3 for investments held as of June 30, 2009 and 2008. Anixter Center has adopted investment policies for endowment assets which strive to build and maintain sufficient funds to meet the current and future needs of Anixter Center. Accordingly, investment funds are placed in investment vehicles that preserve capital and provide sufficient funds to meet both short-term and long-term identified needs and plans, including funds to address financial hardships that might arise. Under this policy, the endowment assets are invested in a manner that is intended to achieve a total return that is in the upper half of a representative universe of professionally managed funds while exceeding the rate of inflation (as measured by the Consumer Price Index) by at least 2% on an annualized basis. To satisfy its long-term rate-of-return objectives, Anixter Center 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). Anixter Center targets a diversified asset allocation which includes: cash/liquid investments, fixed income, domestic equities, foreign equities and alternative investments.

Appropriation for expenditure is initiated by completing a request for proposal at the program level, which is then either approved or denied by senior management.

NOTE 17 - SUBSEQUENT EVENT

Management evaluated subsequent events through November 10, 2009, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2009, but prior to November 10, 2009, that provided additional evidence about conditions that existed at June 30, 2009, have been recognized in the financial statements for the year ended June 30, 2009. Events or transactions that provided evidence about conditions that did not exist at June 30, 2009 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2009.

Subsequent to June 30, 2009 Anixter Center was notified that funding from several governmental agencies would be reduced for the fiscal year ending June 30, 2010. Management has estimated that total governmental grants and fees will be reduced by approximately \$4 million.

NOTE 18 - RECLASSIFICATIONS

Certain reclassifications have been made to the 2008 financial statements to be in conformity with the 2009 presentation. These reclassifications had no effect on the total net assets or change in net assets previously reported.