LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATE Lincolnwood, Illinois

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2010 and 2009

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Independent Auditor's Report

Board of Directors of Lester and Rosalie Anixter Center and Affiliate Lincolnwood, Illinois

We have audited the accompanying consolidated statements of financial position of Lester and Rosalie Anixter Center and Affiliate (collectively referred to as the "Organization") as of June 30, 2010 and 2009 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These consolidated financial statements are the responsibility of management. Our responsibility is to express an opinion on these consolidated 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 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 consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2010 and 2009, and the changes in its consolidated 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 17, 2010, on our consideration of the Organization'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 17, 2010



Clifton Gunderson LLP

LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATE CONSOLIDATED STATEMENT OF FINANCIAL POSITION June 30, 2010

ASSETS Program Permanently Operating Capital Development Total Operating Capital Total Restricted Total CURRENT ASSETS
CURRENT ASSETS
CONNENT ACCETO
Cash and cash equivalents:
Operating \$ 946,932 \$ - \$ 416,356 \$ 1,363,288 \$ - \$ 50,000 \$ 50,000 \$ - \$ 1,413,288
Escrow accounts - 25.156 - 25.156 25.156
Receivables:
Grants and fees receivable, net of allowance
for bad debts of \$183,248 1,441,280 1,441,280 1,441,280
Contributions receivable 112,640 112,640 - 4,500 4,500 - 117,140
Contract accounts receivables, net of allowance
for bad debts of \$116,374 422,131 422,131 422,131 422,131
Miscellaneous receivables, net of allowance
for bad debts of \$13,373 191,714 191,714 191,714 191,714
Inventories 27,486 27,486 27,486
Miscellaneous prepaid expenses 24,215 24,215 24,215 24,215
Prepaid insurance 231,892 - 231,892 - 231,892 - 231,892
Table 2000 000 000 000 000 000 000 000 000 0
Total current assets 3,398,290 25,156 416,356 3,839,802 - 54,500 - 3,894,302
NONCURRENT ASSETS
Escrow accounts - 689,146 - 689,146 689,146 689,146
Security deposits 38,551 38,551 38,551 38,551
Contributions receivable 169,662 - 169,662 - 2,361 2,361 - 172,023
Investments, at fair value - 6,712,635 - 6,712,635 261,954 6,974,589
Investment in Hairpin Lofts, LLC - 10,000 - 10,000 10,000
Note receivable, net of discount of \$1,091,352 - 147,348 - 147,348 147,348 - 147,348 19,463,474 -
Property and equipment, net
Total noncurrent assets 208,213 27,022,603 - 27,230,816 - 2,361 2,361 261,954 27,495,131
25,100,100
TOTAL ASSETS \$ 3,606,503 \$ 27,047,759 \$ 416,356 \$ 31,070,618 \$ - \$ 56,861 \$ 56,861 \$ 261,954 \$ 31,389,433
<u> </u>
LIABILITIES AND NET ASSETS (DEFICIT)
·
CURRENT LIABILITIES
Accounts payable \$ 529,840 \$ - \$ - \$ 529,840 \$ - \$ - \$ - \$ 529,840
Accrued salaries 823,698 823,698 823,698
Accrued vacation 1,174,570 1,174,570 1,174,570
Accrued expenses and other liabilities 681,268 681,268 681,268 681,268
Current portion of long-term debt 618,269 52,475 - 670,744 - - - - - 670,744
Total current liabilities 3,827,645 52,475 - 3,880,120 3,880,120
LONG-TERM DEBT, net of current portion 142,389 1,772,558 - 1,914,947 1,914,947
Total liabilities 3,970,034 1,825,033 - 5,795,067 5,795,067
NET ASSETS (DEFICIT) (363,531) 25,222,726 416,356 25,275,551 - 56,861 56,861 261,954 25,594,366
TOTAL LIABILITIES AND NET ASSETS (DEFICIT) \$ 3,606,503 \$ 27,047,759 \$ 416,356 \$ 31,070,618 \$ - \$ 56,861 \$ 56,861 \$ 261,954 \$ 31,389,433

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

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

	Unrestricted			Т	Temporarily Restric	ted	Capital Permanently	
ASSETS	Operating	Capital	Total	Operating	Capital	Total	Restricted	Total
CURRENT ASSETS								
Cash and cash equivalents:	\$ 1,848,363	\$ -	\$ 1,848,363	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ 1.898.363
Operating Escrow accounts	φ 1,0 4 0,303	- 19,077	19,077	Ф -	\$ 50,000	\$ 50,000	φ -	19,077
Receivables:	-	19,077	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	120,000		120,000		22,240	22,240		140,000
for bad debts of \$227,599	556,211	_	556,211	_	_	_	_	556,211
Miscellaneous receivables, net of allowance	000,2		000,2					000,2
for bad debts of \$409	309,261	_	309,261	_	_	_	_	309,261
Inventories	20,690	_	20,690	_	_	_	_	20,690
Miscellaneous prepaid expenses	2,932	_	2,932	_	_	_	_	2,932
Prepaid insurance	285,277	_	285,277	_	_	_	_	285,277
1 repaid insurance								200,2
Total current assets	5,484,664	19,077	5,503,741	-	72,249	72,249	-	5,575,990
NONCURRENT ASSETS								
Escrow accounts	-	665,752	665,752	-	-	-	-	665,752
Finance charges, net of accumulated amortization of \$29,332	63,766	· <u>-</u>	63,766	-	-	_	_	63,766
Deposits - Illinois Development Finance Authority Ioan	, <u>-</u>	883,470	883,470	_	-	_	-	883,470
Security deposits	20,693	, -	20,693	_	-	_	-	20,693
Contributions receivable	117,161	-	117,161	_	2,812	2,812	-	119,973
Investments, at fair value	, <u>-</u>	8,621,127	8,621,127	_	, =	-	261,954	8,883,081
Property and equipment, net		20,384,658	20,384,658					20,384,658
Total noncurrent assets	201,620	30,555,007	30,756,627		2,812	2,812	261,954	31,021,393
TOTAL ASSETS	\$ 5,686,284	\$ 30,574,084	\$ 36,260,368	\$ -	\$ 75,061	\$ 75,061	\$ 261,954	\$ 36,597,383
				<u></u>		 _		
LIABILITIES AND NET ASSETS (DEFICIT)								
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	503,992	-	503,992	-	-	-	-	503,992
Current portion of long-term debt	3,218,000	284,367	3,502,367					3,502,367
Takal assessak Kabalikia	0.040.007	004.007	0.000.004					0.000.004
Total current liabilities	6,318,627	284,367	6,602,994	-	-	-	-	6,602,994
LONG-TERM DEBT, net of current portion		4,850,316	4,850,316					4,850,316
Total liabilities	6,318,627	5,134,683	11,453,310	_	_	_	_	11,453,310
				_				
NET ASSETS (DEFICIT)	(632,343)	25,439,401	24,807,058		75,061	75,061	261,954	25,144,073
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 5,686,284	\$ 30,574,084	\$ 36,260,368	\$ -	\$ 75,061	\$ 75,061	\$ 261,954	\$ 36,597,383

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

LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATE CONSOLIDATED STATEMENT OF ACTIVITIES Year Ended June, 30, 2010

	Unrestricted			To	emporarily Restrict	Capital			
			Program					Permanently	
REVENUES	Operating	Capital	Development	Total	Operating	Capital	Total	Restricted	Total
Contributions:									
United Way	\$ 56,235	\$ -	\$ -	\$ 56,235	\$ -	\$ -	\$ -	\$ -	\$ 56,235
Foundations and corporations	335,469	Ψ -	φ -	335,469	Ψ -	Ψ -	Ψ -	Ψ -	335,469
Bequests	19,894			19,894					19,894
Individual and miscellaneous	310,790	7,958	_	318,748	_	_	_	_	318,748
In-kind contribution	118,502	1,930	-	118,502	-	-	-	-	118,502
Special events and other	150,110	-	-	150,110	-	-	-	-	150,110
		-	-		-	-	-	-	
Contributions from nonaffiliated organization	18,799		-	18,799	-	-	-	-	18,799
Conveyance of property	-	2,900,000	-	2,900,000	-	-	-	-	2,900,000
City of Chicago grant	-	1,238,700	-	1,238,700	-	-	-	-	1,238,700
AIDS Foundation	47,306	-	-	47,306	-	-	-	-	47,306
Governmental grants	7,323,636	-	-	7,323,636	-	-	-	-	7,323,636
Governmental fees	11,837,611	-	-	11,837,611	-	-	-	-	11,837,611
Miscellaneous fees	737,343	-	-	737,343	-	-	-	-	737,343
Rental revenue	1,400,101	-	-	1,400,101	-	-	-	-	1,400,101
Contract revenue	4,433,437	-	-	4,433,437	-	-	-	-	4,433,437
Investment dividends and interest	778	203,460	_	204,238	-	-	_	_	204,238
Realized loss on investments, net	(13,555)	(151,624)	_	(165,179)	_	_	_	_	(165,179)
Unrealized gain on investments, net	(.0,000)	1,000,862	_	1,000,862	_	_	_	_	1,000,862
Miscellaneous revenue	246,751	1,000,002		246,751					246,751
Contribution of property to Hairpin Lofts, LLC	240,731	(2,900,000)	-	(2,900,000)	-	-	-	-	(2,900,000)
Net assets released from restriction	-	18,200	_	18,200	-	(18,200)	(18,200)	_	
Net assets released from restriction		10,200		10,200		(10,200)	(10,200)		
Total revenues	27,023,207	2,317,556		29,340,763	<u> </u>	(18,200)	(18,200)		29,322,563
EXPENSES									
Program services	22,776,136	2,069,549	_	24,845,685	_	_	_	_	24,845,685
Supporting services	3,311,878	188,705	_	3,500,583	_	_	_	_	3,500,583
Fundraising	518,837	7,165	_	526,002	_	_	_	_	526,002
r and aloning		7,100		020,002					
Total expenses	26,606,851	2,265,419		28,872,270	-				28,872,270
CHANGE IN NET ASSETS (DEFICIT)	416,356	52,137	-	468,493	-	(18,200)	(18,200)	-	450,293
NET ASSETS (DEFICIT), BEGINNING OF YEAR	(632,343)	25,439,401	-	24,807,058	-	75,061	75,061	261,954	25,144,073
Transfers	(147,544)	(268,812)	416,356						
NET ASSETS (DEFICIT), END OF YEAR	\$ (363,531)	\$ 25,222,726	\$ 416,356	\$ 25,275,551	\$ -	\$ 56,861	\$ 56,861	\$ 261,954	\$ 25,594,366

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

	Unrestricted			Te	emporarily Restrict	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
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	11,248	350,697	361,945	-	-	-	-	361,945
Realized loss on investments, net	-	(635,016)	(635,016)	-	-	-	-	(635,016)
Unrealized loss on investments, net	-	(1,028,501)	(1,028,501)	-	-	-	-	(1,028,501)
Miscellaneous revenue	79,304	- 1	79,304	-	-	-	-	79,304
Net assets released from restriction		2,016	2,016		(2,016)	(2,016)		
Total revenues	28,547,758	(1,219,043)	27,328,715		(2,016)	(2,016)		27,326,699
EXPENSES								
Program services	24,444,461	1,022,916	25,467,377	-	-	-	-	25,467,377
Supporting services	3,601,801	208,532	3,810,333	-	-	-	-	3,810,333
Fundraising	560,765	8,153	568,918					568,918
Total expenses	28,607,027	1,239,601	29,846,628					29,846,628
CHANGE IN NET ASSETS (DEFICIT)	(59,269)	(2,458,644)	(2,517,913)	-	(2,016)	(2,016)	-	(2,519,929)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	199,772	27,125,199	27,324,971	-	77,077	77,077	261,954	27,664,002
Capital acquisitions	(772,846)	772,846						
NET ASSETS (DEFICIT), END OF YEAR	\$ (632,343)	\$ 25,439,401	\$ 24,807,058	\$ -	\$ 75,061	\$ 75,061	\$ 261,954	\$ 25,144,073

LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATE CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES Year Ended June 30, 2010

Program	Services
og. a	00.1.000

					m Services			
	Vocational Training	Day Training and Education	Residential Services	Substance Abus Prevention and Treatment	e Community Care	Calor	Chicago Hearing Society	National Lekotek Center
Staff salaries Payroll taxes Employee insurance and benefits	\$ 2,015,414 180,610 255,076	\$ 2,463,897 219,771 350,193	\$ 4,769,895 430,033 675,556	\$ 520,041 46,340 67,934	\$ 598,345 53,935 66,288	\$ 810,551 72,510 122,188	\$ 936,313 86,353 114,654	\$ 265,798 23,683 29,280
Total Client wages and benefits	2,451,100 1,369,444	3,033,861 56,579	5,875,484 14,901	634,315	718,568	1,005,249	1,137,320	318,761
Client wages and benefits	1,309,444	50,579	14,901		·			
Total salaries and related expenses	3,820,544	3,090,440	5,890,385	634,315	718,568	1,005,249	1,137,320	318,761
Consultants	11,806	149,398	91,943	18,776	4,800	-	3,200	630
Legal and audit	2,252	-	48,389	-	-	-	1,200	-
Printing and artwork	125	-	-	-	-	492	21,084	751
Public relations costs	4,393	-	-	35		2,366	12,626	7,248
Data processing service	3,870	5,379	11,173	1,615	1,009	2,035	12,895	459
Office supplies	11,457	17,545	16,069	904	4,355	9,044	11,555	1,736
Activity supplies	152,833	32,142	60,960	4,085	43,052	44,246	383,561	12,505
Food	47,903	42,956	47,854	1,043	557	20,083	1,581	294
Housekeeping supplies	653	11,483	39,786	179	50	2,694	1,160	186
Scavenger	7,098	14,832	34,922	1,110	597	1,330	1,235	1,303
Insurance	69,747	31,628	138,934	2,106	11,720	3,726	6,158	2,429
Fuel and utilities	99,161	103,115	262,721	9,511	11,475	12,570	11,154	12,061
Building maintenance	33,115	41,404	294,910	1,461	3,674	18,686	1,897	1,845
Equipment maintenance	13,886	9,128	19,005	1,742	840	818	4,304	924
Equipment purchases	2,518	13,413	18,847	137	2,408	9,315	3,518	5,069
Security and watch services	20,931	23,645	29,629	732	4,798	360	944	887
Vehicle operating expense	3,710	6,435	104,558	-	12,124	-	206	-
Client travel	662	97,174	5,574	562	423	1,260	353	355
Staff travel	32,072	5,015	21,566	2,283		7,330	16,111	4,947
Equipment leasing	8,410	808	, <u>-</u>	67	127	199	313	172
Rent	55,620	75,447	431,946	46,888	24,076	84,472	42,371	53,602
Mortgage interest	-	, <u> </u>	142,695	-	-	-	, -	´-
Other interest	-	-	-	-	-	-	-	-
Telephone	30,969	26,947	98,027	7,768	14,165	19,878	23,822	4,548
In-service training	1,287	17,105	4,371	1,219	1,533	21,282	10,746	1,736
Postage and shipping	21,362	3,724	1,134	185	1,176	1,221	4,252	2,661
Organization dues	2,039	404	295	15	305	40	1,905	-
Employee procurement	1,680	7,574	7,299	-	2,008	656	1,934	356
Contract coordinating	20,882	-	-	-	-	-	-	-
Clerical services	-	-	-	-	-	-	5,004	-
Subcontract labor	221,416	97,193	104,962	11,164	13,874	-	1,175,845	23,032
Bad debts	106,985	79,268	4,294	10,287	-	-	8,227	4,357
Interprogram services	(189,120)	(861)	-	-	-	-	(106,793)	-
Special events	-	·-	-	-	-	-	-	-
Miscellaneous	3,013	828	6,243	400	3	1,046	11,593	1,712
Total operating expenses	4,623,279	4,003,569	7,938,491	758,589	905,963	1,270,398	2,811,281	464,566
Depreciation and amortization	151,590	160,685	556,957	14,927	19,946	33,493	26,459	14,140
Discount on note receivable	-	-	-		19,940			
TOTAL EXPENSES	\$ 4,774,869	\$ 4,164,254	\$ 8,495,448	\$ 773,516	\$ 925,909	\$ 1,303,891	\$ 2,837,740	\$ 478,706

	Program Serv	ices (continued)			Supporting Servi	ices		
	Hairpin Lofts, LLC	Total Program Services	Fundraising	Center Foundation	Training	Management and General	Total Supporting Services and Fundraising	Total Expenses
Staff salaries	\$ -	\$ 12,380,254	\$ 303,759	\$ -	\$ 61,141	\$ 2,058,012	\$ 2,422,912	\$ 14,803,166
Payroll taxes	· -	1,113,235	25,753	-	5,345	161,123	192,221	1,305,456
Employee insurance and benefits	-	1,681,169	26,019	-	7,003	206,473	239,495	1,920,664
• •								
Total	_	15,174,658	355,531	_	73,489	2,425,608	2,854,628	18,029,286
Client wages and benefits	_	1,440,924	-	_	1,663	-	1,663	1,442,587
Chefit wages and benefits		1,440,324			1,000		1,000	1,442,007
Total salaries and related expenses	-	16,615,582	355,531	-	75,152	2,425,608	2,856,291	19,471,873
Consultants	_	280,553	_	_	360	3,437	3,797	284,350
Legal and audit	_	51,841	_	119,010	-	185,037	304,047	355,888
Printing and artwork	_	22,452	6,555	-	_	10.114	16,669	39.121
Public relations costs	_	26.668	12.480	_	_	10.139	22.619	49.287
Data processing service	_	38,435	312	_	102	2,655	3,069	41,504
Office supplies	_	72,665	907	_	4,001	24,744	29,652	102,317
Activity supplies	_	733,384	2	_	1,772	2,003	3,777	737,161
Food	_	162,271	80	_	575	635	1,290	163,561
Housekeeping supplies		56,191	76		591	833	1,500	57.691
Scavenger	_	62,427	315	_	545	1,533	2,393	64,820
Insurance	-	266,448		-	1,276	20,095	22,491	288,939
	-		1,120	-				
Fuel and utilities	-	521,768	3,410	(70 507)	5,172	21,869	30,451	552,219
Building maintenance	-	396,992	488	(76,537)	2,624	3,743	(69,682)	327,310
Equipment maintenance	-	50,647	8,425	-	866	26,024	35,315	85,962
Equipment purchases	-	55,225	384	-	518	7,910	8,812	64,037
Security and watch services	-	81,926	466	-	2,343	2,538	5,347	87,273
Vehicle operating expense	-	127,033	-	-	-	137	137	127,170
Client travel	-	106,363	-	-	-	-	-	106,363
Staff travel	-	117,570	2,335	-	-	4,039	6,374	123,944
Equipment leasing	-	10,096	327	-	36	10,592	10,955	21,051
Rent	-	814,422	3,068	-	-	114,525	117,593	932,015
Mortgage interest	-	142,695	-	410,281	-	29,132	439,413	582,108
Other interest	-	-	-	-	-	59,672	59,672	59,672
Telephone	-	226,124	2,427	-	1,082	47,708	51,217	277,341
In-service training	-	59,279	17,975	-	97	47,619	65,691	124,970
Postage and shipping	-	35,715	2,505	-	968	23,326	26,799	62,514
Organization dues	-	5,003	2,730	-	110	32,150	34,990	39,993
Employee procurement	_	21,507	· <u>-</u>	-	18	3,389	3,407	24,914
Contract coordinating	_	20,882	_	-	-		· -	20.882
Clerical services	_	5,004	413	_	_	336	749	5,753
Subcontract labor	_	1,647,486	3,292	4,301	8,705	239,075	255,373	1,902,859
Bad debts	_	213,418	11,260	-	-	,	11,260	224,678
Interprogram services	_	(296,774)		(631,656)	(1,125)	_	(632,781)	(929,555)
Special events	_	(200,771)	76,958	(001,000)	(1,120)	_	76,958	76,958
Miscellaneous	-	24,838	4,996	- 818	61	19,195	25,070	49,908
Wildelianeous		24,030	4,330	010		19,190	25,070	49,900
Total operating expenses	-	22,776,136	518,837	(173,783)	105,849	3,379,812	3,830,715	26,606,851
Depreciation and amortization	_	978,197	7,165	117,859	12,484	58,362	195,870	1,174,067
Discount on note receivable	1,091,352	1,091,352	-	-	-	-	-	1,091,352
		, , , , , , , , , , , , , , , , , , , ,						
TOTAL EXPENSES	\$ 1,091,352	\$ 24,845,685	\$ 526,002	\$ (55,924)	\$ 118,333	\$ 3,438,174	\$ 4,026,585	\$ 28,872,270

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

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

				Program Services			
		Day Training		Substance Abuse	Chicago		
	Vocational Training	and Education	Residential Services	Prevention and Treatment	Community Care	Calor	Hearing Society
Staff salaries	\$ 2,538,479	\$ 2,462,757	\$ 4,901,975	\$ 542,760	\$ 690.633	\$ 761.281	\$ 872.064
Pavroll taxes	222,399	212,570	427,301	48,913	60,334	65,180	76,974
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	19,171	25,902	712,288	17,735	16,848	26,757	10,513
Mortgage interest	-	-	150,538	-	-	-	-
Other interest	39.139	- 20.4	89,597	6.929	47.505	10.686	19.506
Telephone	,	28,284		-,	17,505 3,546	-,	.,
In-service training Postage and shipping	3,347 19,054	19,731 3,772	6,515 1.060	2,186 251	3,5 4 6 1,499	21,418 981	17,378 4,313
Organization dues	19,054 555	730	260	15	1,149	55	1,686
Employee procurement	1,769	8,978	9,073	84	2,201	648	3,934
Contract coordinating	60,417	-	9,073	-	2,201	-	3,334
Clerical services	-	_	_		_	_	6,900
Subcontract labor	359,884	52,921	13,159	3,876	9,546	400	1,003,179
Jan-Tech allocation	(160,974)	-	-	-	-	-	1,000,110
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 operating expenses	6,325,142	3,906,689	8,199,719	807,480	1,010,582	1,161,689	2,397,241
Depreciation and amortization	170,405	174,827	565,872	17,955	20,369	29,990	24,547
TOTAL EXPENSES	\$ 6,495,547	\$ 4,081,516	\$ 8,765,591	\$ 825,435	\$ 1,030,951	\$ 1,191,679	\$ 2,421,788

	Program Servi	ices (continued)	Supporting Services					
	National Lekotek Center	Total Program Services	Fundraising	Center Foundation	Training	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
Employee modrance and benefits	10,000	1,720,000	02,000		10,700	200,001	001,100	2,000,220
Total	413,697	15.984.755	370,240	_	163,204	2,929,116	3,462,560	19.447.315
Client wages and benefits	,		,	-	2,682	2,929,110		
Client wages and benefits		2,340,921			2,002		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		29,666	-	91,961	-	173,478	265,439	295,105
Printing and artwork	6,335	13,525	12,099		_	6,940	19,039	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	(10,712)	5,823	24,895	24,958	535,570
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	-		2,201	34	34	121,928
Client travel	12	101,237			-	J -1	J -1	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
Rent	17,115	846,329	-	-	-	102,365	102,365	948,694
Mortgage interest	-	150,538	-		-	20,783	20,783	171,321
Other interest	-	-	-	183,377	-	98,544	281,921	281,921
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	40,020	(160,974)	11,104		7,177	71,100	00,027	(160,974)
Bad debts	829	42,417	3,040	-	-	-	3,040	45,457
			3,040	(606,606)	(075)	-		
Interprogram services	-	(314,782)	- 00.667	(636,636)	(975)	-	(637,611)	(952,393)
Special events	-		88,697	-	- 4	-	88,697	88,697
Miscellaneous	2,861	22,897	2,135	26	117	13,649	15,927	38,824
Total operating expenses	635,919	24,444,461	560,765	(371,984)	202,513	3,771,272	4,162,566	28,607,027
Depreciation and amortization	18,951	1,022,916	8,153	120,941	12,997	74,594	216,685	1,239,601
TOTAL EXPENSES	\$ 654,870	\$ 25,467,377	\$ 568,918	\$ (251,043)	\$ 215,510	\$ 3,845,866	\$ 4,379,251	\$ 29,846,628

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

LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATE CONSOLIDATED STATEMENTS OF CASH FLOWS Years Ended June 30, 2010 and 2009

		<u>2010</u>		2009
CASH FLOWS FROM OPERATING ACTIVITIES	Φ	450.000	Φ.	(0.540.000)
Change in net assets	\$	450,293	\$	(2,519,929)
Adjustments to reconcile change in net assets to net				
cash provided by (used in) operating activities: Depreciation and amortization		1,174,067		1,239,601
Bad debt expense		224,678		45,457
Donated equipment and materials		224,070		(11,500)
Interest expense - accretion of loan		139,455		16,416
Realized loss on investments, net		165,179		635,016
Unrealized (gain) loss on investments, net		(1,000,862)		1,028,501
Discount on note receivable		1,091,352		1,020,301
Effects of changes in operating assets and liabilities:		1,091,332		
Receivables		900,658		(899,870)
Other assets		954,684		15,824
Accrued expenses and other liabilities		108,749		(14,431)
Accided expenses and other habilities		100,110		(11,101)
Net cash provided by (used in) operating activities		4,208,253		(464,915)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment, and deposits made		(266,437)		(478,194)
Proceeds from sale of investments		3,000,755		2,181,627
Purchase of investments		(243,026)		(2,523,370)
Investment in Hairpin Lofts, LLC		(10,000)		(2,020,070)
Advances on note receivable		(1,238,700)		-
Increase in escrow deposits		(23,394)		(76,098)
inclease in escrow deposits		(20,004)		(10,000)
Net cash provided by (used in) investing activities		1,219,198		(896,035)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net draws (repayments) on line of credit		(2,628,000)		2,317,993
Payoff of IDFA Bond		(2,975,833)		2,317,995
Principal payments on long-term debt		(302,614)		(389,149)
i illicipal payments on long-term debt		(002,011)		(000,110)
Net cash provided by (used in) financing activities		(5,906,447)		1,928,844
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(478,996)		567,894
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		1,917,440		1,349,546
CASH AND CASH EQUIVALENTS, END OF YEAR	\$	1,438,444	\$	1,917,440

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lester and Rosalie Anixter Center ("Anixter Center") and its affiliate, Center Foundation, are corporations each organized under the laws of the State of Illinois pursuant to the provisions of the "General Not for Profit Act." Anixter Center operates various programs in Chicago and the vicinity assisting people with disabilities to live and work successfully in the community. Center Foundation is empowered to provide and assist charitable organizations with facilities and services specially designed to meet the needs of persons with disabilities. The fiscal year for both Anixter Center and Center Foundation ends on June 30. Significant accounting policies followed by Anixter Center and Center Foundation are presented below.

Use of Estimates in Preparing Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Anixter Center and Center Foundation (collectively referred to as the "Organization"). Intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements 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 the Organization's ability to perform day-to-day functions. Capital assets and liabilities are items that affect the long-term operations of the Organization.

Classification of Net Assets

The Organization's net assets have been grouped in 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 the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire with the passage of time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of Net Assets (continued)

Permanently Restricted - Net assets subject to donor-imposed stipulations that the assets be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization 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, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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

Contributions and Other Revenues

The Organization receives all of its grant, contract and government fee revenue from federal, state and city agencies. The Organization 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 the Organization 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 the Organization. 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, the Organization 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and Other Revenues (continued)

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.

Investments

In accordance with generally accepted accounting principles, investments in marketable equity securities and debt securities are reported in the Consolidated Statement of Financial Position at fair values based on quoted market prices. Unrealized and realized gains and losses are included in the Consolidated Statements of Activities. The Organization'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 Consolidated 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. The Organization'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

The Organization 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.

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 and Center Foundation are not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, Anixter Center and Center Foundation qualify for the charitable contributions deduction under Section 170(b)(1)(A)(iii) and have been classified as organizations that are not private foundations under Section 509(a)(1).

The federal returns of Anixter Center and Center Foundation for tax years 2006, 2007 and 2008 are subject to examination by the Internal Revenue Service generally for three years after they were filed.

Change in Accounting Principles

Effective June 30, 2010, the Organization adopted *The FASB Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* (the codification standards). The codification standards are the single official source of authoritative U.S. GAAP. The codification standards do not change U.S. GAAP; instead, they introduce a new structure and change the referencing of financial standards. The adoption of the codification standards did not have a material impact on the Organization's consolidated financial statements or related footnotes.

Effective July 1, 2009, the Organization adopted FASB Accounting Standards Codification No. 740-10, *Accounting for Uncertainty in Income Taxes*, (ASC 740-10), which clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the consolidated financial statements. The Organization determined that it was not required to record a liability for unrecognized tax benefits as a result of implementing the new requirements.

Effective July 1, 2009, the Organization adopted FASB Accounting Standards Codification No. 820-10-65-4, *Fair Value Measurements and Disclosures*. This standard does the following:

- Defines factors that should be used to determine whether there has been a significant decrease in the volume and level of activity when compared with normal market activity,
- Establishes guidance to determine if a transaction is orderly,
- Increases input and fair value valuation technique disclosures,
- Requires reporting entities to define major categories for equity and debt securities as major security types as defined in ASC 320, *Investments*.

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable, as of June 30 are as follows:

		<u>2010</u>		<u>2009</u>
Pledges due in less than one year Pledges due in one to five years	\$	117,140 188,140	\$	148,839 130,353
Total Less unamortized discount on contributions receivable		305,280 (16,117)		279,192 (10,380)
Contributions receivable adjusted to present value of the estimated future cash flows	<u>\$</u>	289,163	<u>\$</u>	268,812

NOTE 3 - INVESTMENTS

Investments are summarized as follows, as of June 30:

	<u>2010</u>	2009
Unrestricted investments:		
Money market funds	\$ 497,829	\$ 299,773
Common stock	2,984,792	3,754,439
Corporate bonds	70,326	344,048
Mutual funds	51,125	408,402
Other fixed income	<u>3,108,563</u>	3,814,465
Total	<u>6,712,635</u>	8,621,127
Permanently restricted investments:		
Corporate bonds	249,640	249,640
Money market funds	12,314	12,314
Total	<u>261,954</u>	261,954
Total investments	<u>\$ 6,974,589</u>	<u>\$ 8,883,081</u>

NOTE 3 - INVESTMENTS (continued)

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

		<u>2010</u>		<u>2009</u>
Unrestricted: Interest and dividends Realized losses, net Unrealized gains (losses), net	\$	204,238 (165,179) 1,000,862	\$ 	349,483 (635,016) 1,028,501)
Total	<u>\$</u>	1,039,921	\$ (1	<u>1,314,034</u>)

NOTE 4 - HAIRPIN LOFTS, LLC INVESTMENT

During the year ended June 30, 2010, Anixter Center entered into a development agreement with an unrelated third party and formed Hairpin Lofts, LLC. The project (Hairpin) of the newly formed entity involved the acquisition, rehabilitation, and development of an historic building in Chicago, Illinois for the purpose, in part, to create low-income residential housing. Anixter Center holds a 25% interest in Hairpin Lofts Manager, LLC, the managing member, which in turn holds a 0.01% interest in Hairpin Lofts, LLC. Anixter Center has no ability to exercise control under the existing ownership structure and, therefore, Hairpin has not been consolidated with Anixter Center. Anixter Center accounts for its investment in Hairpin under the equity method.

In conjunction with the formation of Hairpin, Anixter Center received a conveyance of property from the City of Chicago with an appraised value of \$2,900,000 for \$1. Anixter Center then conveyed the property to Hairpin, also in consideration for \$1. Revenue of \$2,900,000 along with an offsetting conveyance have been recognized on the Organization's Consolidated Statement of Activities for the year ended June 30, 2010. The City of Chicago also granted to Anixter Center \$1,238,700 representing the proceeds from the sale of affordable housing tax credits associated with the project. Anixter Center then loaned the proceeds to Hairpin in exchange for a 50-year, interest-free, note receivable. All principal on the note is payable at maturity on March 1, 2060 and the note is secured by a junior mortgage and assignment of rents on the Hairpin real estate. The carrying value of the note has been discounted using a rate of 4.35% and is reflected on the Organization's consolidated June 30, 2010 Consolidated Statement of Financial Position at \$147,348.

For the development of the project, Anixter Center is to be paid a fee of \$115,000. Through June 30, 2010, \$80,500 of this fee has been earned and is recorded as miscellaneous fee revenue on the Organization's Consolidated Statement of Activities. A receivable of \$80,500 is reflected on the June 30, 2010 Consolidated Statement of Financial Position. For the provision of 300 hours of low-income housing services annually over a 10-year period, Anixter Center was paid a fee of \$10,000. Recognition of the services fee has been deferred as of June 30, 2010 and will be amortized over the 10-year period when services commence. Anixter Center also received a \$10,000 donation in conjunction with the project. Anixter Center then contributed the \$10,000 to Hairpin as its capital contribution which is the carrying value of its investment in Hairpin as of June 30, 2010.

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

A hierarchy has been established 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. Levels within the hierarchy based on the reliability of inputs are defined 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.

The following is a summary of investment assets at fair value by level within the fair value hierarchy as of June 30, 2010 and 2009:

		20	10	
	Level 1	Level 2	Level 3	<u>Total</u>
Money market funds Domestic equities International equities Taxable fixed income Other investments	\$ - 1,870,336 1,114,456 - -	\$ 510,142 - - 3,428,529 51,126	\$ - - - - - -	\$ 510,142 1,870,336 1,114,456 3,428,529 51,126
Total	<u>\$ 2,984,792</u>	<u>\$ 3,989,797</u>	<u>\$ -</u>	<u>\$ 6,974,589</u>
		20	09	
	Level 1	Level 2	Level 3	<u>Total</u>
Money market funds Domestic equities International equities Taxable fixed income Mutual funds Other investments	\$ - 2,199,539 1,165,646 - 762,076	\$ 312,995 - - 4,408,153 - 34,672	\$ - - - - - -	\$ 312,995 2,199,539 1,165,646 4,408,153 762,076 34,672
Total	<u>\$ 4,127,261</u>	<u>\$ 4,755,820</u>	<u>\$</u> -	<u>\$ 8,883,081</u>

NOTE 6 - PROPERTY AND EQUIPMENT

The Organization's property and equipment consist of the following as of June 30, 2010:

	<u>Cost</u>	Accumulated Depreciation and Amortization	d <u>Net</u>
Land, buildings and improvements -			
Anixter Building	\$ 4,803,713	\$ 3,008,873	\$ 1,794,840
Skolnick Building	719,461	406,971	312,490
Clark Building	2,197,880	1,357,139	840,741
Jarvis Building	507,250	336,547	170,703
Wallen Building	179,828	132,175	47,653
Hoyne Building	1,383,101	546,401	836,700
Dobson Building	1,610,072	610,456	999,616
Casa Contreras	2,221,314	527,811	1,693,503
Halsted Property	3,281,337	205,544	3,075,793
Anixter Village	4,648,179	231,562	4,416,617
Clybourn Building	1,002,394	274,699	727,695
Byron Center Building	944,975	467,250	477,725
Natchez Building	317,995	75,208	242,787
Oakley Building	216,231	114,821	101,410
North Shore Building	192,614	107,506	85,108
Rockwell Building	214,696	65,737	148,959
Bosworth Building	303,677	91,358	212,319
Zion Building	169,648	48,273	121,375
Talman Building	230,696	62,346	168,350
Avondale Building	999,755	169,515	830,240
Evanston Building	886,496	182,158	704,338
Roscoe Building	267,279	69,475	197,804
Unallocated appraisals	4,850	3,880	970
Leasehold improvements	3,277,776	2,385,400	892,376
Furniture, equipment, autos and trucks	5,744,489	5,381,127	363,362
Total	\$36,325,706	\$16,862,232	<u>\$19,463,474</u>

NOTE 6 - PROPERTY AND EQUIPMENT (continued)

The Organization's property and equipment consist of the following as of June 30, 2009:

	Cost	Accumulated Depreciation and Amortization	d Net
Land, buildings and improvements -			<u>—</u>
Anixter Building	\$ 4,796,713	\$ 2,782,289	\$ 2,014,424
Skolnick Building	682,054		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
Clybourn Building	1,002,394	256,146	746,248
Byron Center Building	944,975	450,082	494,893
Natchez Building	317,995	68,045	249,950
Oakley Building	216,231	109,900	106,331
North Shore Building	192,614	103,049	89,565
Rockwell Building	214,696	60,862	153,834
Bosworth Building	303,677	84,484	219,193
Zion Building	169,648	44,422	125,226
Talman Building	230,696	57,151	173,545
Avondale Building	999,755	149,270	850,485
Evanston Building	886,496	163,942	722,554
Roscoe Building	267,279	63,455	203,824
Unallocated appraisals	4,850	3,557	1,293
Leasehold improvements	3,222,194	2,185,547	1,036,647
Furniture, equipment, autos and trucks	5,897,136	5,396,348	500,788
Total	\$36,273,735	\$15,889,077	\$20,384,658

NOTE 6 - 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 7 - 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 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 the Organization's Statements of Financial Position. There were no capital advances received during 2010.

NOTE 8 - LINE OF CREDIT

As of June 30, 2010 and 2009, respectively, the Organization had \$590,000 and \$3,218,000 outstanding under a line of credit with Charter One Bank. Any borrowings under this line of credit bear interest at the LIBOR rate (1.20% and 1.61% as of June 30, 2010 and 2009, respectively) plus 2.5% with a 4.0% floor and are secured by Anixter Center's investments. As of June 30, 2010, maximum available borrowings on the line of credit were \$4,000,000. Set to expire on December 31, 2010, the agreement was subsequently extended through December 31, 2011, with an increased borrowing capacity of \$5,000,000 and similar repayment terms.

NOTE 9 - LONG-TERM DEBT

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

	<u>2010</u>		<u>2009</u>	
Mortgage loan payable to U.S. Department of Housing and Urban Development, maturing on March 30, 2022, bearing interest of 8.5%; secured by Chase Apartments (Skolnick) building.	\$	388,368	\$	406,863
Mortgage loan payable to U.S. Department of Housing and Urban Development, maturing in January 2025, bearing interest of 9.25%; secured by Clark Apartments building.		949,513		979,011
Note payable to Devon Bank, payable in monthly installments of \$1,479 including interest of 7.62%, due on June 30, 2018; secured by building. Interest rate is adjusted on each fifth year anniversary based on the then five-year Treasury Note. Next adjustment will be on June 30, 2013.		98,741		108,647
Note payable to Devon Bank, payable in monthly installments of \$1,858 including interest of 6.60%, due on December 11, 2013; secured by building. Interest rate is adjusted on each fifth year anniversary based on the then five-year Treasury Note. Next adjustment will be on December 11, 2013.		71,917		88,785
Note payable to Illinois Development Finance Authority. (See Note 11).		-		3,080,835
Mortgage loan payable to City of Chicago Department of Housing - Crystal Courts project (Casa Contreras). (See Note 10).		37,518		34,820
Mortgage loan payable to City of Chicago Department of Housing - Halsted Apartments. (See Note 10).		449,634		435,722
Total long-term debt Less current maturities		1,995,691 (80,744)		5,134,683 (284,367)
Long-term portion	\$	<u>1,914,947</u>	<u>\$</u>	<u>4,850,316</u>

NOTE 9 - LONG-TERM DEBT (continued)

Maturities on long-term debt are as follows:

Years Ending June 30:

2011 2012 2013 2014 2015 Later years	\$ 80,744 87,678 95,217 92,111 88,574 1,551,367
Total	\$ 1,995,691

NOTE 10 - MORTGAGE LOANS PAYABLE - CITY OF CHICAGO					
		<u>2010</u>		2009	
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 (265,821)	\$	303,339 (268,519)	
Present value	\$	37,518	<u>\$</u>	34,820	
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 as of June 30, 2009. Imputed interest, 3.00-5.25%	\$	506,232 (56,598)	\$	506,232 (70,510)	
Present value	<u>\$</u>	449,634	<u>\$</u>	435,722	

NOTE 10 - MORTGAGE LOANS PAYABLE - CITY OF CHICAGO (continued)

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, 2010 and 2009, Anixter Center incurred \$16,611 and \$16,416, respectively, of accreted interest related to these notes.

NOTE 11 - NOTE PAYABLE - ILLINOIS DEVELOPMENT FINANCE AUTHORITY

On May 12, 1998, Anixter Center and Center Foundation 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 had joint and several liability with respect to the repayment of the entire debt.

In May of 2008, Anixter Center's and Center Foundation's Board of Directors authorized the prepayment of this note and the deposit of funds to provide for the defeasance of the bonds. The outstanding bonds were redeemed on January 1, 2010 at a price equal to 100.5% of the principal amount, plus accrued interest to January 1, 2010. The total redemption price amounted to \$3,120,525 and accrued interest paid amounted to \$87,823.

The balances as of June 30, 2010 are detailed as follows:

	Anixter <u>Center</u>	Center <u>Foundation</u>	<u>Total</u>
Original loan balances Principal payments	\$ 444,278 444,278	\$ 2,636,557 2,636,557	\$ 3,080,835 3,080,835
Balance	<u>\$</u>	<u>\$</u>	<u>\$</u> -
Trust account balances	<u>\$ 8,345</u>	<u>\$ 51,278</u>	<u>\$ 59,623</u>

NOTE 11 - NOTE PAYABLE - ILLINOIS DEVELOPMENT FINANCE AUTHORITY (continued)

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

	Anixter <u>Center</u>	Center <u>Foundation</u>	<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>	\$ 2,636,557	\$ 3,080,835
Trust account balances	<u>\$ 108,991</u>	<u>\$ 774,479</u>	<u>\$ 883,470</u>

NOTE 12 - ENDOWMENTS

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

	2010			
	Unrestricted	Temporarily <u>Restricted</u>	Permanently Restricted	<u>Total</u>
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,954</u>	<u>\$ 261,954</u>
		20	09	
	Unrestricted	Temporarily <u>Restricted</u>	Permanently Restricted	<u>Total</u>
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,954</u>	<u>\$ 261,954</u>

NOTE 12 - ENDOWMENTS (continued)

The changes in endowment net assets for the fiscal years ended June 30, 2010 and 2009 are as follows:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ -</u>	<u>\$</u>	<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			261,954	261,954
Investment return: Investment income Net appreciation	<u>.</u>	6,247	<u>-</u>	6,247
Total investment return		6,247		6,247
Appropriation of endowment assets for expenditure		(6,247)		(6,247)
Endowment net assets, June 30, 2010	<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 12 - 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, 2010 and 2009. 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 long-term rate of return, net of fees, at the rate of inflation as measured by the Consumer Price Index. 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 13 - CONTRIBUTED SERVICES

During the year ended June 30, 2010, the Organization received contributed services from an independent third party to improve Anixter Center's branding. During the year ended June 30, 2010, \$107,862 of such contributed services was recognized as revenues and related expenses.

NOTE 14 - LEASE COMMITMENTS

In addition to various operating leases for buildings and equipment, Anixter Center has an agreement for office space. Under the terms of the agreement, Anixter Center makes monthly payments in addition to its share of common expenses. During the years ended June 30, 2010 and 2009, Anixter Center accrued \$299,527 and \$636,636, respectively, in total building rental cost. 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, 2010:

Years Ending June 30:

2011 2012 2013	\$ 277,241 207,089 85,674
Total	\$ 570,004

NOTE 15 - 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 \$318,140 and \$366,984 during 2010 and 2009, respectively.

NOTE 16 - CONCENTRATIONS

In 2010 and 2009, approximately 64% and 71%, respectively, of Anixter Center's operating revenues were provided by governmental funding sources. Of the amount provided by governmental funding sources, 73% and 74%, respectively, was provided by the Illinois Department of Human Services (IDHS). Receivables from IDHS represent 50% and 54% of total grants and fees receivable as of June 30, 2010 and 2009, respectively.

NOTE 17 - 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 expired during the year ended June 30, 2010 and was extended through January 31, 2011. 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 18 - OTHER CASH FLOW INFORMATION

During 2010 and 2009, the Organization paid cash for interest of \$643,259 and \$453,623, respectively.

Anixter Center had noncash investing and financing transactions related to conveyance of property of \$2,900,000 from the City of Chicago and, subsequently, to Hairpin in 2010.

NOTE 19 - SUBSEQUENT EVENTS

Management evaluated subsequent events through November 17, 2010, the date the consolidated financial statements were available to be issued. Events or transactions occurring after June 30, 2010, but prior to November 17, 2010 that provided additional evidence about conditions that existed at June 30, 2010, have been recognized in the consolidated financial statements for the year ended June 30, 2010. Events or transactions that provided evidence about conditions that did not exist at June 30, 2010 but arose before the consolidated financial statements were available to be issued have not been recognized in the consolidated financial statements for the year ended June 30, 2010.

This information is an integral part of the accompanying consolidated financial statements.