LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATE Lincolnwood, Illinois

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

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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, 2011 and 2010, 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, 2011 and 2010, 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 8, 2011, 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 8, 2011

lifton Gunderson LLP

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LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATE CONSOLIDATED STATEMENT OF FINANCIAL POSITION June 30, 2011

	Unrestricted				Т	emporarily Restric	Capital		
ASSETS	<u> </u>		Program					Permanently	
	Operating	Capital	Development	Total	Operating	Capital	Total	Restricted	Total
OURDENT ACCETO									
CURRENT ASSETS									
Cash and cash equivalents:	f 1001 150	œ.	\$ 416.356	¢ 4.407.000	\$ -	\$ 42.052	\$ 42,052	œ.	\$ 1,539,860
Operating	\$ 1,081,452	\$ - 5,492	\$ 416,356	\$ 1,497,808 5,492	a -	\$ 42,052	\$ 42,052	\$ -	\$ 1,539,860 5,492
Escrow accounts Receivables:	-	5,492	-	5,492	-	-	-	-	5,492
Grants and fees receivable, net of allowance									
for bad debts of \$173,562	1,695,891	_	_	1,695,891	_	_	_	_	1,695,891
Contributions receivable	114,315	_	_	114,315	_	4,500	4,500	_	118,815
Contract accounts receivables, net of allowance	114,010			114,010		4,000	4,500		110,010
for bad debts of \$10,620	464,652	_	_	464,652	_	_	_	_	464,652
Miscellaneous receivables, net of allowance	101,002			10 1,002					101,002
for bad debts of \$11,240	162,022	_	_	162,022	_	_	_	_	162,022
Inventories	18,684	_	_	18,684	_	_	_	_	18,684
Miscellaneous prepaid expenses	7,960	_	_	7,960	_	_	_	_	7,960
Prepaid insurance	209,916	-	-	209,916	_	_	-	-	209,916
									
Total current assets	3,754,892	5,492	416,356	4,176,740	-	46,552	46,552	-	4,223,292
							,		
NONCURRENT ASSETS									
Escrow accounts	_	857,132	_	857.132	_	_	_	_	857.132
Security deposits	37,971	-	_	37,971	-	_	_	_	37,971
Contributions receivable	169,451	-	-	169,451	_	2,361	2,361	-	171,812
Investments, at fair value	-	7,113,199	_	7,113,199	-	-	-	261,954	7,375,153
Investment in Hairpin Lofts, LLC	_	10,000	_	10,000	-	_	_		10,000
Notes receivable, net of discount of \$1,084,942	_	153,757	_	153,757	-	_	_	_	153,757
Property and equipment, net	-	18,665,532	-	18,665,532	-	-	-	-	18,665,532
		·							<u></u>
Total noncurrent assets	207,422	26,799,620		27,007,042		2,361	2,361	261,954	27,271,357
TOTAL ASSETS	\$ 3,962,314	\$ 26,805,112	\$ 416,356	\$ 31,183,782	\$ -	\$ 48,913	\$ 48,913	\$ 261,954	\$ 31,494,649
LIABILITIES AND NET ASSETS (DEFICIT)									
,									
CURRENT LIABILITIES									
Accounts payable	\$ 434,397	\$ -	\$ -	\$ 434,397	\$ -	\$ -	\$ -	\$ -	\$ 434,397
Accrued salaries	852,548	-	-	852,548	-	-	-	-	852,548
Accrued vacation	920,499	-	-	920,499	-	-	-	-	920,499
Accrued expenses and other liabilities	577,461	-	-	577,461	-	-	-	-	577,461
Current portion of line of credit and long-term debt	1,687,302	57,375		1,744,677					1,744,677
Total current liabilities	4,472,207	57,375	-	4,529,582	-	-	-	-	4,529,582
LONG-TERM DEBT, net of current portion	111,967	1,732,000	-	1,843,967	-	-	-	-	1,843,967
·									
Total liabilities	4,584,174	1,789,375	-	6,373,549	-	-	-	-	6,373,549
NET ASSETS (DEFICIT)	(621,860)	25,015,737	416,356	24,810,233		48,913	48,913	261,954	25,121,100
• •									
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 3,962,314	\$ 26,805,112	\$ 416,356	\$ 31,183,782	\$ -	\$ 48,913	\$ 48,913	\$ 261,954	\$ 31,494,649
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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, 2010

	Unrestricted				Te	emporarily Restric	Capital		
ASSETS			Program					Permanently	
	Operating	Capital	Development	Total	Operating	Capital	Total	Restricted	Total
CURRENT ASSETS									
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
Miscellaneous receivables, net of allowance									
for bad debts of \$13,373	191,714	-	-	191,714	-	-	-	-	191,714
Inventories	27,486	-	-	27,486	-	-	-	-	27,486
Miscellaneous prepaid expenses	24,215	-	-	24,215	-	-	-	-	24,215
Prepaid insurance	231,892			231,892					231,892
	0.000.000	05.450	440.050	0.000.000		54.500	54.500		0.004.000
Total current assets	3,398,290	25,156	416,356	3,839,802		54,500	54,500		3,894,302
NONCURRENT ASSETS									
Escrow accounts	-	689,146	-	689,146	-	-	-	-	689,146
Security deposits	38,551	-	-	38,551	-	- 0.004	- 0.004	-	38,551
Contributions receivable	169,662	- 0.740.005	-	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
Notes receivable, net of discount of \$1,091,352	-	147,348 19,463,474	-	147,348 19,463,474	-	-	-	-	147,348 19,463,474
Property and equipment, net		19,403,474		19,403,474					19,403,474
Total noncurrent assets	208,213	27,022,603	_	27,230,816	_	2,361	2,361	261,954	27,495,131
Total Holleditelli assets	200,210	21,022,000		21,200,010		2,001	2,001	201,001	21,100,101
TOTAL ASSETS	\$ 3,606,503	\$ 27,047,759	\$ 416,356	\$ 31,070,618	\$ -	\$ 56,861	\$ 56,861	\$ 261,954	\$ 31,389,433
TOTAL ASSETS	\$ 3,000,000	\$ 21,041,139	\$ 410,330	\$ 31,070,010	Ф -	φ 50,001	φ 50,001	φ 201,934	φ 31,369,433
LIABILITIES AND NET ASSETS (DEFICIT)									
LIABILITIES AND NET ASSETS (DEFICIT)									
CURRENT LIABILITIES									
Accounts payable	\$ 529,840	\$ -	\$ -	\$ 529.840	\$ -	s -	\$ -	\$ -	\$ 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
Current portion of line of credit and long-term debt	618,269	52,475	-	670,744	-	-	-	-	670,744
							<u> </u>		
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
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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, 2011

		Unres	Te	emporarily Restricte	ed	Capital			
			Program					Permanently	
	Operating	Capital	Development	Total	Operating	Capital	Total	Restricted	Total
REVENUES									
Contributions:			•		•	•	•		
United Way	\$ 27,865	\$ -	\$ -	\$ 27,865	\$ -	\$ -	\$ -	\$ -	\$ 27,865
Foundations and corporations	283,652	-	-	283,652	-	-	-	-	283,652
Bequests	6,465	-	-	6,465	-	-	-	-	6,465
Individual and miscellaneous	352,724	-	-	352,724	-	-	-	-	352,724
In-kind contribution	71,212	-	-	71,212	-	-	-	-	71,212
Special events and other	168,675	-	-	168,675	-	-	-	-	168,675
Contributions from nonaffiliated organization	22,039	-	-	22,039	-	-	-	-	22,039
AIDS Foundation	50,633	-	-	50,633	-	-	-	-	50,633
Governmental grants	4,689,351	40,448	-	4,729,799	-	-	-	-	4,729,799
Governmental fees	11,755,062	-	-	11,755,062	-	-	-	-	11,755,062
Miscellaneous fees	713,545	-	-	713,545	-	-	-	-	713,545
Rental revenue	1,404,118	-	-	1,404,118	-	-	-	-	1,404,118
Contract revenue	4,258,646	-	-	4,258,646	-	-	-	-	4,258,646
Investment dividends and interest	666	225,067	-	225,733	-	-	-	-	225,733
Realized loss on investments, net	(1,360)	(318,541)	-	(319,901)	-	-	-	-	(319,901)
Unrealized gain on investments, net	-	521,601	-	521,601	-	-	-	-	521,601
Miscellaneous revenue	36,385		-	36,385	-	-	-	-	36,385
Net assets released from restriction		7,948		7,948		(7,948)	(7,948)		
Total revenues	23,839,678	476,523		24,316,201		(7,948)	(7,948)		24,308,253
EXPENSES									
Program services	21,039,370	924,649	-	21,964,019	-	-	-	-	21,964,019
Supporting services	2,197,926	174,653	-	2,372,579	-	-	-	-	2,372,579
Fundraising	441,761	3,160		444,921					444,921
Total avecases	23,679,057	1,102,462		24,781,519	_	_	_	_	24,781,519
Total expenses	23,079,037	1,102,402		24,761,519					24,701,319
CHANGE IN NET ASSETS (DEFICIT)	160,621	(625,939)	-	(465,318)	-	(7,948)	(7,948)	-	(473,266)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	(363,531)	25,222,726	416,356	25,275,551	-	56,861	56,861	261,954	25,594,366
	(419.050)	449.050							
Transfers	(418,950)	418,950				<u>-</u>		-	
NET ASSETS (DEFICIT), END OF YEAR	\$ (621,860)	\$ 25,015,737	\$ 416,356	\$ 24,810,233	<u> </u>	\$ 48,913	\$ 48,913	<u>\$ 261,954</u>	\$ 25,121,100

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

		Unres	stricted	Te	emporarily Restrict	Capital			
	Operating	Capital	Program Development	Total	Operating	Capital	Total	Permanently Restricted	Total
REVENUES					<u> </u>				
Contributions:									
United Way	\$ 56,235	\$ -	\$ -	\$ 56,235	\$ -	\$ -	\$ -	\$ -	\$ 56,235
Foundations and corporations	335,469	-	-	335,469	-	-	-	-	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	- ,000	_	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	10,799	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	1,230,700	-	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	-	1,000,862	-	1,000,862	-	-	-	-	1,000,862
Miscellaneous revenue	246,751	-	-	246,751	-	-	-	-	246,751
Contribution of property to Hairpin Lofts, LLC	-	(2,900,000)	-	(2,900,000)	-	-	-	-	(2,900,000)
Net assets released from restriction		18,200		18,200		(18,200)	(18,200)		
Total revenues	27,023,207	2,317,556		29,340,763		(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
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
	(552,510)	20, 100, 101		2.,55.,500		. 5,551	. 5,551	20.,001	23,, 57 0
Capital acquisitions	(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

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

LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATE CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES Year Ended June 30, 2011

Program	Services
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				Program Services			
		Day Training		Substance Abuse			Chicago
	Vocational	and	Residential	Prevention	Community		Hearing
	Training	Education	Services	and Treatment	Care	Calor	Society
Staff salaries	\$ 1,802,217	\$ 2,304,274	\$ 4,601,947	\$ 537,106	\$ 484,946	\$ 738,500	\$ 957,313
Payroll taxes	143,146	187,236	380,552	43,972	39,009	60,859	77,647
Employee insurance and benefits	234,444	320,393	686,556	68,496	51,825	118,027	115,473
Employee insurance and benefits	234,444	320,393	000,000	00,490	51,025	110,021	115,473
Total	2,179,807	2,811,903	5,669,055	649,574	575,780	917,386	1,150,433
				049,574	373,700	317,300	1,100,400
Client wages and benefits	1,103,219	51,520	15,607				
Total salaries and related expenses	3,283,026	2,863,423	5,684,662	649,574	575,780	917,386	1,150,433
Consultants	11 600	120 552	04.425	10 250	2.400		1 000
	11,609	128,552	94,435	18,350	2,400	-	1,900
Legal and audit	863	-	25,617	-	-	-	1,200
Printing and artwork	3,645	3,240	3,937	1,213	975	4,845	21,592
Public relations costs	3,376	50	-	50	-	2,427	12,823
Data processing service	3,342	4,593	10,811	1,568	840	1,832	14,191
Office supplies	9.482	17.600	15.410	1,262	4.305	5.786	9.847
Activity supplies	166,042	29,530	53,828	5,518	28,793	40,785	428,311
Food	43,266	39,520	48,247	951	559	17,998	1,212
Housekeeping supplies	782	8,262	35,599	50	10	2,369	949
Scavenger	7,325	15,221	39,930	812	559	1,547	1,197
Insurance	32,934	26,941	114,957	1,898	8,811	1,035	14,316
Fuel and utilities	99,915	105,078	270,680	7,761	8,989	12,665	11,447
Building maintenance	47,883	49,479	271,209	3,488	4,050	23,383	5,308
Equipment maintenance	11,667	9,553	21,843	1,231	1,926	506	5,517
	6,820	5,768	,	150	1,780	30	
Equipment purchases			21,548				4,216
Security and watch services	17,011	24,729	27,809	471	3,359	360	1,476
Vehicle operating expense	5,293	4,702	103,888	-	12,910	-	-
Client travel	11,113	121,651	7,036	233	300	5,112	-
Staff travel	33,022	4,291	22,758	2,490	28,718	9,014	13,771
Equipment leasing	6,994	707	· <u>-</u>	40	149	209	266
Rent	51,507	75,240	405,824	37,050	24,276	88,690	39,897
Mortgage interest	-	70,240	135,148	37,000	24,270	-	00,007
	_	_	155, 140	_	_	_	_
Other interest	-	-			40.047		- 04 400
Telephone	21,404	22,881	84,604	4,777	10,017	8,706	21,128
In-service training	1,404	14,249	3,398	1,221	1,918	32,399	27,259
Postage and shipping	23,044	3,201	945	130	772	220	4,625
Organization dues	1,744	660	30	15	130	85	2,410
Employee procurement	2,682	7,691	5,278	497	1,177	1,011	1,495
Contract coordinating	(4,341)	.,	0,2.0	-	.,	.,	.,
Clerical services	(4,541)					-	1,664
	450.050		-		44.550		
Subcontract labor	150,952	88,182	38,360	7,951	11,556	27,071	1,181,468
Bad debts	(72,375)	14,412	(1,782)	(10,287)	-	-	(30,026)
Interprogram services	(170,500)	(951)	-	-	-	-	(92,622)
Special events	-	-	-	-	-	7,810	· - ·
Miscellaneous	1,545	96	12,666		1,597	506	7,292
Total operating expenses	3,812,476	3,688,551	7,558,675	738,464	736,656	1,213,787	2,864,562
Depreciation and amortization	136,616	137,314	549,689	11,541	16,059	33,435	25,797
TOTAL EXPENSES	\$ 3,949,092	\$ 3,825,865	\$ 8,108,364	\$ 750,005	\$ 752,715	\$ 1,247,222	\$ 2,890,359
							. ,,

	Program Sei	rvices (continued)			Supporting Serv	ices		
	National Lekotek Center	Total Program Services	Fundraising	Center Foundation	Training	Management and General	Total Supporting Services and Fundraising	Total Expenses
Staff salaries	\$ 229,698	\$ 11,656,001	\$ 255,704	\$ -	\$ 56,975	\$ 1,721,992	\$ 2,034,671	\$ 13,690,672
Payroll taxes	18,972	951,393	20,298	-	4,784	134,818	159,900	1,111,293
Employee insurance and benefits	24,551	1,619,765	22,695		7,286	188,465	218,446	1,838,211
	070.004	44.007.450	202 227		00.045	0.045.075	0.440.047	10.010.170
Total	273,221	14,227,159	298,697	-	69,045	2,045,275	2,413,017	16,640,176
Client wages and benefits		1,170,346			2,615		2,615	1,172,961
Total salaries and related expenses	273,221	15,397,505	298,697	-	71,660	2,045,275	2,415,632	17,813,137
Consultants	1,600	258,846	-	-	-	360	360	259,206
Legal and audit	-	27,680	-	10,791	-	189,940	200,731	228,411
Printing and artwork	1,904	41,351	9,742	-	1,814	13,330	24,886	66,237
Public relations costs	8,454	27,180	3,390	-	-	4,127	7,517	34,697
Data processing service	371	37,548	280	-	94	2,431	2,805	40,353
Office supplies	1,169	64,861	773	-	1,980	25,688	28,441	93,302
Activity supplies	6,511	759,318	102	-	2,939	1,995	5,036	764,354
Food	289	152,042	103	-	466	716	1,285	153,327
Housekeeping supplies	157	48,178	70	-	321	822	1,213	49,391
Scavenger	1,413	68,004	221	-	577	788	1,586	69,590
Insurance	3.716	204,608	2.301	_	1,295	18.464	22,060	226,668
Fuel and utilities	13,509	530,044	2,263	_	7,313	13,633	23,209	553,253
Building maintenance	6,071	410,871	1,227	(14,057)	3,764	3,619	(5,447)	405,424
Equipment maintenance	1,151	53,394	8,700	-	1,099	28,834	38,633	92,027
Equipment purchases	705	41,017	9	_	824	10,730	11,563	52,580
Security and watch services	820	76,035	128	_	1,310	896	2,334	78,369
Vehicle operating expense	287	127,080	120	_	1,510	415	415	127,495
Client travel	23	145,468			_	- 10	- 10	145,468
Staff travel	6,021	120,085	2,137		81	3,529	5,747	125,832
Equipment leasing	140	8,505	2,137	-	29	8,905	9,184	17.689
Rent		778,403		-	29	120,096		905,860
	55,919	135,148	7,361	8, 4 11	-	120,096	127,457 8,411	143,559
Mortgage interest	-	133,146	-	0,411	-			
Other interest	- 0.000	470 407	4 700	-	- 045	30,856	30,856	30,856
Telephone	2,890	176,407	1,720	-	645	21,419	23,784	200,191
In-service training	4,405	86,253	3,414	-	1,800	26,229	31,443	117,696
Postage and shipping	2,084	35,021	2,167	-	355	14,190	16,712	51,733
Organization dues	-	5,074	1,735	-	-	36,479	38,214	43,288
Employee procurement	790	20,621	1,806	-	162	7,505	9,473	30,094
Contract coordinating	-	(4,341)	-	-	-	-	-	(4,341)
Clerical services	-	1,664		-		.		1,664
Subcontract labor	20,457	1,525,997	14,005	-	15,902	31,791	61,698	1,587,695
Bad debts	(1,100)	(101,158)	(1,344)		-	-	(1,344)	(102,502)
Interprogram services	(35)	(264,108)	-	(618,656)	(985)	-	(619,641)	(883,749)
Special events	11,030	18,840	77,482	-	-	-	77,482	96,322
Miscellaneous	2,227	25,929	3,022	1,331	48	33,551	37,952	63,881
Total operating expenses	426,199	21,039,370	441,761	(612,180)	113,493	2,696,613	2,639,687	23,679,057
Depreciation and amortization	14,198	924,649	3,160	119,358	11,616	43,679	177,813	1,102,462
TOTAL EXPENSES	\$ 440,397	\$ 21,964,019	\$ 444,921	\$ (492,822)	\$ 125,109	\$ 2,740,292	\$ 2,817,500	\$ 24,781,519

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

	Program Services								
		Day Training		Substance Abuse		Chicago			
	Vocational	and	Residential	Prevention	Community		Hearing		
	Training	Education	Services	and Treatment	Care	Calor	Society		
Staff salaries	\$ 2.015.414	\$ 2,463,897	\$ 4,769,895	\$ 520.041	\$ 598,345	\$ 810.551	\$ 936.313		
Payroll taxes	180,610	219,771	430,033	46,340	53,935	72,510	86,353		
Employee insurance and benefits	255,076	350,193	675,556	67,934	66,288	122,188	114,654		
	· · · · · · · · · · · · · · · · · · ·								
Total	2,451,100	3,033,861	5,875,484	634,315	718,568	1,005,249	1,137,320		
Client wages and benefits	1,369,444	56,579	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		
Consultants	11,806	149,398	91,943	18,776	4,800	_	3,200		
Legal and audit	2,252	-	48,389	-	-	-	1,200		
Printing and artwork	125	-	-	-	-	492	21,084		
Public relations costs	4,393	-	-	35	-	2,366	12,626		
Data processing service	3,870	5,379	11,173	1,615	1,009	2,035	12,895		
Office supplies	11,457	17,545	16,069	904	4,355	9,044	11,555		
Activity supplies	152,833	32,142	60,960	4,085	43,052	44,246	383,561		
Food	47,903	42,956	47,854	1,043	557	20,083	1,581		
Housekeeping supplies	653	11,483	39,786	179	50	2,694	1,160		
Scavenger	7,098	14,832	34,922	1,110	597	1,330	1,235		
Insurance	69,747	31,628	138,934	2,106	11,720	3,726	6,158		
Fuel and utilities	99,161	103,115	262,721	9,511	11,475	12,570	11,154		
Building maintenance	33,115	41,404	294,910	1,461	3,674	18,686	1,897		
Equipment maintenance	13,886	9,128	19,005	1,742	840	818	4,304		
Equipment purchases	2,518	13,413	18,847	137	2,408	9,315	3,518		
Security and watch services	20,931	23,645	29,629	732	4,798	360	944		
Vehicle operating expense	3,710	6,435	104,558	-	12,124		206		
Client travel	662	97,174	5,574	562	423	1,260	353		
Staff travel	32,072	5,015	21,566	2,283	28,246	7,330	16,111		
Equipment leasing	8,410	808		67	127	199	313		
Rent	55,620	75,447	431,946	46,888	24,076	84,472	42,371		
Mortgage interest	-	-	142,695	-	-	-	-		
Other interest	30.969	26.947	98.027	7.768	- 14.165	19.878	23.822		
Telephone	,	-,-	, -	,	,	21,282	23,822 10,746		
In-service training Postage and shipping	1,287 21,362	17,105 3.724	4,371 1.134	1,219 185	1,533 1.176	1,282	4,252		
Organization dues	2,039	3,724 404	1,13 4 295	15	305	40	1,905		
Employee procurement	1,680	7,574	7,299	15	2,008	656	1,905		
Contract coordinating	20,882	7,574	7,299	_	2,000	-	1,354		
Clerical services	20,002	_	_		_	_	5,004		
Subcontract labor	221,416	97,193	104,962	11,164	13,874	_	1,175,845		
Bad debts	106,985	79,268	4,294	10,287	10,074	_	8,227		
Interprogram services	(189,120)	(861)	-,254	10,207	_	_	(106,793)		
Special events	(100,120)	-	_	_	_	_	(100,700)		
Miscellaneous	3,013	828	6,243	400	3	1,046	11,593		
Total operating expenses	4,623,279	4,003,569	7,938,491	758,589	905,963	1,270,398	2,811,281		
Depreciation and amortization	151,590	160,685	556,957	14,927	19,946	33,493	26,459		
Discount on notes receivable									
TOTAL EXPENSES	\$ 4,774,869	\$ 4,164,254	\$ 8,495,448	\$ 773,516	\$ 925,909	\$ 1,303,891	\$ 2,837,740		

	Progra	ım Services (cor	ntinued)	Supporting Services					
	National Lekotek Center	Hairpin Lofts, LLC	Total Program Services	Fundraising	Center Foundation	Training	Management and General	Total Supporting Services and Fundraising	Total Expenses
Staff salaries	\$ 265,798	\$ -	\$ 12,380,254	\$ 303,759	\$ -	\$ 61,141	\$ 2,058,012	\$ 2,422,912	\$ 14,803,166
Payroll taxes	23,683	Ψ -	1,113,235	25,753	-	5,345	161,123	192,221	1,305,456
Employee insurance and benefits	29,280	_	1,681,169	26,019	_	7,003	206,473	239,495	1,920,664
Employee insurance and benefits	25,200		1,001,100	20,013		7,000	200,470	200,400	1,020,004
Total	318,761	_	15,174,658	355,531	_	73,489	2,425,608	2,854,628	18,029,286
Client wages and benefits	310,701	-		300,031	-	1,663	2,425,606	1,663	
Client wages and benefits			1,440,924			1,003		1,003	1,442,587
Total salaries and related expenses	318,761	-	16,615,582	355,531	-	75,152	2,425,608	2,856,291	19,471,873
Consultants	630	_	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	751	_	22,452	6,555	-	_	10,114	16,669	39,121
Public relations costs	7.248	_	26,668	12.480	_	_	10.139	22.619	49.287
Data processing service	459		38,435	312		102	2,655	3,069	41,504
Office supplies	1,736	_	72,665	907	_	4,001	24,744	29,652	102,317
		-			-				
Activity supplies	12,505	-	733,384	2 80	-	1,772	2,003	3,777	737,161
Food	294	-	162,271		-	575	635	1,290	163,561
Housekeeping supplies	186	-	56,191	76	-	591	833	1,500	57,691
Scavenger	1,303	-	62,427	315	-	545	1,533	2,393	64,820
Insurance	2,429	-	266,448	1,120	-	1,276	20,095	22,491	288,939
Fuel and utilities	12,061	-	521,768	3,410	-	5,172	21,869	30,451	552,219
Building maintenance	1,845	-	396,992	488	(76,537)	2,624	3,743	(69,682)	327,310
Equipment maintenance	924	-	50,647	8,425	-	866	26,024	35,315	85,962
Equipment purchases	5,069	-	55,225	384	-	518	7,910	8,812	64,037
Security and watch services	887	-	81,926	466	-	2,343	2,538	5,347	87,273
Vehicle operating expense	-	-	127,033	-	-	· <u>-</u>	137	137	127,170
Client travel	355	-	106,363	-	-	_	-	-	106,363
Staff travel	4,947	-	117,570	2,335	_	_	4,039	6,374	123,944
Equipment leasing	172	_	10,096	327	_	36	10,592	10,955	21,051
Rent	53,602	_	814,422	3,068	_	-	114,525	117,593	932,015
Mortgage interest	-	_	142,695	-	410,281	_	29.132	439,413	582,108
Other interest	_	_	- 12,000	_		_	59,672	59,672	59,672
Telephone	4,548	_	226,124	2,427	_	1,082	47,708	51,217	277,341
In-service training	1,736		59,279	17,975		97	47,619	65,691	124,970
Postage and shipping	2,661		35,715	2,505		968	23,326	26,799	62,514
Organization dues	2,001	_	5,003	2,730	_	110	32,150	34,990	39,993
Employee procurement	356	-	21,507	2,730	-	18	3,389	3,407	24,914
	330	-	20.882	-	-	10	3,309	3,407	20.882
Contract coordinating	-	-			-	-	- 220	740	
Clerical services	-	-	5,004	413	4.004	0.705	336	749	5,753
Subcontract labor	23,032	-	1,647,486	3,292	4,301	8,705	239,075	255,373	1,902,859
Bad debts	4,357	-	213,418	11,260	(004.050)	- (4.405)	-	11,260	224,678
Interprogram services	-	-	(296,774)		(631,656)	(1,125)	-	(632,781)	(929,555)
Special events	4 740	-	-	76,958	-	-	-	76,958	76,958
Miscellaneous	1,712		24,838	4,996	818	61	19,195	25,070	49,908
Total operating expenses	464,566	-	22,776,136	518,837	(173,783)	105,849	3,379,812	3,830,715	26,606,851
Depreciation and amortization	14,140	_	978,197	7,165	117,859	12,484	58,362	195,870	1,174,067
Discount on notes receivable		1,091,352	1,091,352						1,091,352
TOTAL EXPENSES	\$ 478,706	\$1,091,352	\$ 24,845,685	\$ 526,002	\$ (55,924)	<u>\$ 118,333</u>	\$ 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 AFFILIATE CONSOLIDATED STATEMENTS OF CASH FLOWS Years Ended June 30, 2011 and 2010

	<u>2011</u>		<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ (473,266)	\$	450,293
Adjustments to reconcile change in net assets to net			
cash provided by (used in) operating activities:			
Depreciation and amortization	1,102,462		1,174,067
Bad debt expense (recovery)	(102,502)		224,678
Interest expense - accretion of loan	16,820		16,611
Realized loss on investments, net	319,901		165,179
Unrealized gain on investments, net	(521,601)		(1,000,862)
Discount on note receivable	(6,409)		1,091,352
Effects of changes in operating assets and liabilities:			
Receivables	(166,401)		900,658
Other assets	47,612		954,684
Accrued expenses and other liabilities	 (424,471)		108,749
Net cash provided by (used in) operating activities	(207,855)		4,085,409
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	(305,880)		(266,437)
Proceeds from sale of investments	59,818		3,000,755
Purchase of investments	(257,322)		(243,026)
Investment in Hairpin Lofts, LLC	(237,322)		(10,000)
Advances on note receivable	_		(1,238,700)
Increase in escrow deposits	(148,322)		(29,473)
increase in escrow deposits	 (140,022)		(20,410)
Net cash provided by (used in) investing activities	 (651,706)		1,213,119
CASH FLOWS FROM FINANCING ACTIVITIES			
Net draws (repayments) on line of credit	1,067,000		(2,628,000)
Payoff of IDFA Bond	-		(2,975,833)
Principal payments on long-term debt	 (80,867)	_	(179,770)
Net cash provided by (used in) financing activities	 986,133		(5,783,603)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	126,572		(485,075)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 1,413,288		1,898,363
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,539,860	\$	1,413,288

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 (GAAP) 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. Net assets shown under program development have been designated by the board for future program development.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of Net Assets (continued)

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.

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 operating 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 noncompliance 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and Other Revenues (continued)

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.

Investments

In accordance with GAAP, 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 Organization has adopted the requirement for accounting for uncertain tax positions and determined that it was not required to record a liability related to uncertain tax positions.

The federal and state returns of Anixter Center and Center Foundation for tax years 2007, 2008 and 2009 are subject to examination by the Internal Revenue Service generally for three years after they were filed.

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable, as of June 30 are as follows:

		<u>2011</u>		<u>2010</u>
Pledges due in less than one year Pledges due in one to five years	\$	118,815 187,410	\$	117,140 188,140
Total Less unamortized discount on contributions receivable		306,225 (15,598)		305,280 (16,117)
Contributions receivable adjusted to present value of the estimated future cash flows	<u>\$</u>	290,627	<u>\$</u>	<u>289,163</u>

NOTE 3 - INVESTMENTS

Investments are summarized as follows, as of June 30:

<u>2011</u> <u>2</u>	
Unrestricted investments:	<u></u>
Money market funds \$ 516,399 \$ 49	7,829
Common stock - 2,98	34,792
Corporate bonds -	70,326
Mutual funds -	51,125
Other fixed income 6,596,800 3,10)8, <u>563</u>
Total <u>7,113,199</u> <u>6,7</u>	2,635
Permanently restricted investments:	
Corporate bonds 193,278 24	19,640
Money market funds 68,676	2,314
Total <u>261,954</u> <u>26</u>	31,954
Total investments <u>\$ 7,375,153</u> <u>\$ 6,97</u>	<u>4,589</u>

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

		<u> 2011</u>	<u>2010</u>
Unrestricted: Interest and dividends Realized losses, net Unrealized gains, net	\$	225,733 (319,901) 521,601	\$ 204,238 (165,179) 1,000,862
Total	<u>\$</u>	427,433	\$ 1,039,921

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 a 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.

NOTE 4 - HAIRPIN LOFTS, LLC INVESTMENT (continued)

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. 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 June 30, 2011 and 2010 Consolidated Statement of Financial Position at \$153,757 and \$149,348, respectively.

For the development of the project, Anixter Center is to be paid a fee of \$115,000. During the year ended June 30, 2010, \$80,500 of this fee was earned and is recorded as miscellaneous fee revenue on the Organization's 2010 Consolidated Statement of Activities. A receivable of \$80,500 is reflected on the June 30, 2011 and 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, 2011 and 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, 2011 and 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

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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, 2011 and 2010:

		201	I1			
	Level 1	Level 2	Level 3	<u>Total</u>		
Money market funds Taxable fixed income Other investments	\$ - - -	\$ 585,075 6,790,078	\$ - - -	\$ 585,075 6,790,078 		
Total	<u>\$ -</u>	<u>\$ 7,375,153</u>	<u>\$ -</u>	<u>\$ 7,375,153</u>		
		2010				
	<u>Level 1</u>	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>\$ 6,974,589</u>		

NOTE 6 - PROPERTY AND EQUIPMENT

The Organization's property and equipment consist of the following as of June 30, 2011:

		Cost	Accumulated Depreciation and Amortization	d	Net
Land, buildings and improvements -					
Anixter Building	\$	4,852,786	\$ 3,226,088	\$	1,626,698
Skolnick Building		747,072	430,636		316,436
Clark Building		2,227,851	1,430,397		797,454
Jarvis Building		507,250	362,190		145,060
Wallen Building		179,828	139,809		40,019
Hoyne Building		1,402,565	583,773		818,792
Dobson Building		1,610,072	657,238		952,834
Casa Contreras		2,237,003	606,290		1,630,713
Halsted Property		3,296,670	266,932		3,029,738
Anixter Village		4,648,854	324,254		4,324,600
Clybourn Building		1,002,394	293,251		709,143
Byron Center Building		944,975	485,742		459,233
Natchez Building		317,995	82,370		235,625
Oakley Building		216,231	119,916		96,315
North Shore Building		192,614	111,962		80,652
Rockwell Building		214,696	70,612		144,084
Bosworth Building		303,677	98,232		205,445
Zion Building		169,648	52,124		117,524
Talman Building		230,696	67,542		163,154
Avondale Building		999,755	189,760		809,995
Evanston Building		886,496	200,374		686,122
Roscoe Building		267,279	75,494		191,785
Unallocated appraisals		4,850	4,203		647
Leasehold improvements		3,304,328	2,546,203		758,125
Furniture, equipment, autos and trucks		5,828,182	5,502,843	_	325,339
Total	<u>\$3</u>	36,593,767	<u>\$17,928,235</u>	<u>\$</u>	<u>18,665,532</u>

NOTE 6 - PROPERTY AND EQUIPMENT (continued)

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

	Cost	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	<u>\$16,862,232</u>	<u>\$19,463,474</u>

NOTE 6 - PROPERTY AND EQUIPMENT (continued)

As of May 27, 2011, the Organization closed the Avondale and Evanston buildings as a result of insufficient funding for the programs which utilize this space. The Organization is in the process of evaluating alternative uses for these buildings which may include: offering similar or new programming, sub-leasing space to other organizations or selling the buildings outright. As of June 30, 2011, no impairment loss has been recognized for these buildings which have a carrying value of approximately \$1,500,000.

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 2011.

NOTE 8 - LINE OF CREDIT

As of June 30, 2011 and 2010, the Organization had \$1,657,000 and \$590,000, respectively, outstanding under a line of credit with Charter One Bank. As of June 30, 2010 borrowings under the line bore interest at the London Interbank Offered Rate (LIBOR) of 1.20% plus 2.5%, with a 4% floor. As of June 30, 2011, borrowings under the line bear interest at the LIBOR rate of .2% plus 2.5%. This agreement expires on December 31, 2011 and allows for maximum borrowings of \$5,000,000. All borrowings are secured by Anixter Center's investments.

NOTE 9 - LONG-TERM DEBT

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

	<u>2011</u>	<u>2010</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.	\$ 368,238	\$ 388,368
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.	917,168	949,513
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.	91,001	98,741
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.	51,267	71,917
Mortgage loan payable to City of Chicago Department of Housing - Crystal Courts project (Casa Contreras). (See Note 10).	40,426	37,518
Mortgage loan payable to City of Chicago Department of Housing - Halsted Apartments. (See Note 10).	463,544	449,634
Total long-term debt Less current maturities	1,931,644 <u>(87,677</u>)	1,995,691 <u>(80,744</u>)
Long-term portion	<u>\$ 1,843,967</u>	<u>\$ 1,914,947</u>

NOTE 9 - LONG-TERM DEBT (continued)

Maturities on long-term debt are as follows:

Years Ending June 30:

2012	\$ 87,677
2013	95,217
2014	92,111
2015	88,574
2016	96,655
Later years	<u> 1,471,410</u>
Total	<u>\$ 1,931,644</u>

NOTE 10 - MORTGAGE LOANS PAYABLE - CITY OF CHICAGO

	<u>2011</u>	<u>2010</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 on 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 (262,913)	\$ 303,339 (265,821)
Present value	<u>\$ 40,426</u>	<u>\$ 37,518</u>
Mortgage note, dated October 1, 2004, payable to the City of Chicago. Original loan balance with maximum draws of \$545,108 with 3.00% interest per annum, due on October 1, 2044. The loan is secured by a junior mortgage and corresponding security agreement on the land of the Halsted Apartments project.		
Amount due Imputed interest, 3.00-5.25%	\$ 506,232 (42,687)	\$ 506,232 (56,598)
Present value	<u>\$ 463,545</u>	<u>\$ 449,634</u>

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

Management believes 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, 2011 and 2010, Anixter Center incurred \$16,820 and \$16,611, 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.

NOTE 12 - ENDOWMENTS

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

	2011			
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ - </u>	<u>\$ -</u>	<u>\$ 261,954</u>	<u>\$ 261,954</u>
		201	10	
	Unrestricted	Temporarily Restricted	Permanently <u>Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<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, 2011 and 2010 are as follows:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2009	\$ -	\$ -	<u>\$ 261,954</u>	\$ 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>261,954</u>	<u>261,954</u>
Investment return: Investment income Net appreciation	<u>-</u>	1,647 	<u>-</u>	1,647
Total investment return		1,647		1,647
Appropriation of endowment assets for expenditure		(1,647)		(1,647
Endowment net assets, June 30, 2011	<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 GAAP, 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 Uniform Prudent Management of Institutional Funds Act (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, 2011 and 2010. 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 years ended June 30, 2011 and 2010, the Organization received contributed services from an independent third party to improve Anixter Center's branding. These services were valued at \$65,710 and \$107,862 as of June 30, 2011 and 2010, respectively, and recorded as revenues and expenses in the Consolidated Statements of Activities.

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, 2011 and 2010, Anixter Center incurred \$287,204 and \$299,527, respectively, in total building rental cost. Anixter Center has also entered into various future lease commitments for equipment. Future lease commitments for the office, various other buildings and equipment in effect are as follows, as of June 30, 2011:

Years Ending June 30:

2012	\$	235,092
2013	—	93,985
Total	\$	329.077

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 may make matching contributions to the plans at management's discretion. Employees become eligible to participate in these plans 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 \$290,705 and \$318,140 during 2011 and 2010, respectively.

NOTE 16 - CONCENTRATIONS

In 2011 and 2010, approximately 65% and 64%, respectively, of Anixter Center's operating revenues were provided by governmental funding sources. Of the amount provided by governmental funding sources, 70% and 73%, respectively, was provided by the Illinois Department of Human Services (IDHS). Receivables from IDHS represent 57% and 54% of total grants and fees receivable as of June 30, 2011 and 2010, respectively.

NOTE 17 - COLLECTIVE BARGAINING AGREEMENTS

A significant portion of Anixter Center's non-management employees are covered by collective bargaining agreements. The current agreement between Anixter Center and the Local 20 Service Employees International Union (SEIU) representing such workers (totaling approximately 60% of all employees) expires on June 30, 2014.

NOTE 18 - OTHER CASH FLOW INFORMATION

During 2011 and 2010, the Organization paid cash for interest of \$175,746 and \$643,259, respectively.

NOTE 19 - RECLASSIFICATIONS

Certain amounts from the 2010 financial statements have been reclassified in order to conform with the presentation of the 2011 amounts. These reclassifications had no effect on total net assets or change in net assets previously reported.

NOTE 20 - SUBSEQUENT EVENTS

Management evaluated subsequent events through November 8, 2011, the date the consolidated financial statements were available to be issued. Events or transactions occurring after June 30, 2011, but prior to November 8, 2011 that provided additional evidence about conditions that existed at June 30, 2011, have been recognized in the consolidated financial statements for the year ended June 30, 2011. Events or transactions that provided evidence about conditions that did not exist at June 30, 2011 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, 2011.

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