

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENT

FINANCIAL STATEMENTS

June 30, 2010 and 2009



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

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Independent Auditors' Report

Board of Directors
Delta Gamma Center for Children
with Visual Impairments
St. Louis, Missouri

We have audited the accompanying statements of financial position of the Delta Gamma Center for Children with Visual Impairments (the Center) as of June 30, 2010 and 2009 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Zielinski & Associates

October 21, 2010

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

STATEMENTS OF FINANCIAL POSITION

June 30, 2010 and 2009

	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets								
Cash and cash equivalents	\$ 125,632	-	-	\$ 125,632	\$ 125,003	\$ 15,129	-	\$ 140,132
Pledges receivable (less allowance for doubtful accounts of \$15,000 at June 30, 2010 and \$10,000 for June 30, 2009) (Note C)	-	\$ 220,823	-	220,823	-	530,109	-	530,109
Service contracts receivable	31,189	-	-	31,189	47,085	-	-	47,085
Inventory	8,740	-	-	8,740	13,570	-	-	13,570
Prepaid expenses	26,367	-	-	26,367	19,905	-	-	19,905
Investments (Note D)	2,174,755	-	\$ 31,218	2,205,973	1,939,967	-	\$ 31,218	1,971,185
Property and equipment, net (Note E)	3,476,169	-	-	3,476,169	1,726,722	-	-	1,726,722
Construction in progress (Note E)	-	-	-	-0-	1,472,480	-	-	1,472,480
TOTAL ASSETS	<u>\$ 5,842,852</u>	<u>\$ 220,823</u>	<u>\$ 31,218</u>	<u>\$ 6,094,893</u>	<u>\$ 5,344,732</u>	<u>\$ 545,238</u>	<u>\$ 31,218</u>	<u>\$ 5,921,188</u>
Liabilities and Net Assets								
Liabilities								
Accounts payable	\$ 8,574	-	-	\$ 8,574	\$ 11,724	-	-	\$ 11,724
Accrued expenses	53,753	-	-	53,753	48,192	-	-	48,192
Construction line of credit (Note F)	-	-	-	-0-	896,018	-	-	896,018
Note payable (Note G)	811,128	-	-	811,128	-	-	-	-0-
Deferred revenue	10,000	-	-	10,000	10,000	-	-	10,000
TOTAL LIABILITIES	<u>883,455</u>	<u>-</u>	<u>-</u>	<u>883,455</u>	<u>965,934</u>	<u>-</u>	<u>-</u>	<u>965,934</u>
Net assets								
Unrestricted								
Operating	100,000	-	-	100,000	100,000	-	-	100,000
Board designated	1,383,228	-	-	1,383,228	1,079,596	-	-	1,079,596
Property and equipment	3,476,169	-	-	3,476,169	3,199,202	-	-	3,199,202
TOTAL UNRESTRICTED NET ASSETS	<u>4,959,397</u>	<u>-</u>	<u>-</u>	<u>4,959,397</u>	<u>4,378,798</u>	<u>-</u>	<u>-</u>	<u>4,378,798</u>
Temporarily restricted (Note K)	-	\$ 220,823	-	220,823	-	\$ 545,238	-	545,238
Permanently restricted (Note L)	-	-	\$ 31,218	31,218	-	-	\$ 31,218	31,218
TOTAL NET ASSETS	<u>4,959,397</u>	<u>220,823</u>	<u>31,218</u>	<u>5,211,438</u>	<u>4,378,798</u>	<u>545,238</u>	<u>31,218</u>	<u>4,955,254</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,842,852</u>	<u>\$ 220,823</u>	<u>\$ 31,218</u>	<u>\$ 6,094,893</u>	<u>\$ 5,344,732</u>	<u>\$ 545,238</u>	<u>\$ 31,218</u>	<u>\$ 5,921,188</u>

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the years ended June 30, 2010 and 2009

	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues								
Contributions	\$ 289,152	\$ 118,491	-	\$ 407,643	\$ 231,989	\$ 1,035,112	-	\$ 1,267,101
In-kind donations	500	-	-	500	30,860	-	-	30,860
Grants	34,028	30,324	-	64,352	27,491	35,324	-	62,815
Bequests	77,695	-	-	77,695	61,685	-	-	61,685
Program	268,351	-	-	268,351	262,084	-	-	262,084
Investment income	58,873	-	-	58,873	80,431	-	-	80,431
Special event, net of direct costs of \$54,969 and \$56,540 at June 30, 2010 and 2009, respectively	130,506	-	-	130,506	99,955	-	-	99,955
Realized and unrealized gain (loss) on investments, net	233,934	-	-	233,934	(465,856)	-	\$ (12,143)	(477,999)
Miscellaneous	2,843	-	-	2,843	3,495	-	-	3,495
Net assets released from restrictions (Note K)	<u>473,230</u>	<u>(473,230)</u>	<u>-</u>	<u>-0-</u>	<u>1,045,562</u>	<u>(1,045,562)</u>	<u>-</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUES	<u>1,569,112</u>	<u>(324,415)</u>	<u>-</u>	<u>1,244,697</u>	<u>1,377,696</u>	<u>24,874</u>	<u>(12,143)</u>	<u>1,390,427</u>
Expenses								
Program	761,986	-	-	761,986	734,348	-	-	734,348
Management and general	83,469	-	-	83,469	72,004	-	-	72,004
Development	<u>143,058</u>	<u>-</u>	<u>-</u>	<u>143,058</u>	<u>135,831</u>	<u>-</u>	<u>-</u>	<u>135,831</u>
TOTAL EXPENSES	<u>988,513</u>	<u>-</u>	<u>-</u>	<u>988,513</u>	<u>942,183</u>	<u>-</u>	<u>-</u>	<u>942,183</u>
CHANGES IN NET ASSETS	580,599	(324,415)	-	256,184	435,513	24,874	(12,143)	448,244
Net Assets, Beginning of Year	<u>4,378,798</u>	<u>545,238</u>	<u>\$ 31,218</u>	<u>4,955,254</u>	<u>3,943,285</u>	<u>520,364</u>	<u>43,361</u>	<u>4,507,010</u>
NET ASSETS, END OF YEAR	<u>\$ 4,959,397</u>	<u>\$ 220,823</u>	<u>\$ 31,218</u>	<u>\$ 5,211,438</u>	<u>\$ 4,378,798</u>	<u>\$ 545,238</u>	<u>\$ 31,218</u>	<u>\$ 4,955,254</u>

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended June 30, 2010 and 2009

	2010				2009			
	Program Services	Management and General	Development	Total	Program Services	Management and General	Development	Total
Salaries and Related Expenses								
Salaries and related benefits	\$ 477,879	\$ 55,272	\$ 90,359	\$ 623,510	\$ 493,635	\$ 46,406	\$ 92,282	\$ 632,323
Other personnel costs	<u>1,066</u>	<u>96</u>	<u>205</u>	<u>1,367</u>	<u>1,051</u>	<u>93</u>	<u>202</u>	<u>1,346</u>
TOTAL SALARIES AND RELATED EXPENSES	478,945	55,368	90,564	624,877	494,686	46,499	92,484	633,669
Other Expenses								
Communications	14,682	1,317	16,343	32,342	14,284	1,278	14,236	29,798
Utilities	16,812	1,507	3,231	21,550	4,332	385	833	5,550
Program and trip expenses	41,721	159	341	42,221	28,710	248	531	29,489
Facility	48,578	9,112	8,423	66,113	72,190	11,763	12,672	96,625
Professional services	5,926	532	1,140	7,598	9,554	856	1,837	12,247
Staff training	2,351	785	235	3,371	2,038	925	212	3,175
Staff travel	34,680	435	31	35,146	40,829	701	-	41,530
Insurance	17,068	5,123	3,287	25,478	16,004	4,705	3,079	23,788
Asset disposal costs	-	-	-	-0-	14,737	1,323	2,834	18,894
Building acquisition and improvements	<u>9,472</u>	<u>899</u>	<u>1,820</u>	<u>12,191</u>	<u>27,422</u>	<u>2,463</u>	<u>5,275</u>	<u>35,160</u>
TOTAL OTHER EXPENSES	<u>191,290</u>	<u>19,869</u>	<u>34,851</u>	<u>246,010</u>	<u>230,100</u>	<u>24,647</u>	<u>41,509</u>	<u>296,256</u>
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	670,235	75,237	125,415	870,887	724,786	71,146	133,993	929,925
Depreciation and Amortization	<u>91,751</u>	<u>8,232</u>	<u>17,643</u>	<u>117,626</u>	<u>9,562</u>	<u>858</u>	<u>1,838</u>	<u>12,258</u>
TOTAL EXPENSES	<u>\$ 761,986</u>	<u>\$ 83,469</u>	<u>\$ 143,058</u>	<u>\$ 988,513</u>	<u>\$ 734,348</u>	<u>\$ 72,004</u>	<u>\$ 135,831</u>	<u>\$ 942,183</u>

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Change in net assets	\$ 256,184	\$ 448,244
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	117,626	12,258
Realized and unrealized (gain) loss on investments	(233,934)	477,999
(Increase) decrease in assets		
Pledges receivable, net	309,286	537,556
Service contracts receivable	15,896	(26,702)
Inventory	4,830	2,099
Prepaid expenses	(6,462)	12,992
Increase (decrease) in liabilities		
Accounts payable	(3,150)	(4,923)
Accrued expenses	5,561	(5,527)
	<u>465,837</u>	<u>1,453,996</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
Cash Flows from Investing Activities		
Purchase of property and equipment	(394,593)	(1,552,956)
Purchase of investments—net	(854)	(73,730)
	<u>(395,447)</u>	<u>(1,626,686)</u>
NET CASH USED IN INVESTING ACTIVITIES		
Cash Flows from Financing Activities		
Net (payments on) proceeds from notes payable	(84,890)	182,533
	<u>(84,890)</u>	<u>182,533</u>
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES		
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(14,500)	9,843
Cash and Cash Equivalents, Beginning of Year	<u>140,132</u>	<u>130,289</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 125,632</u>	<u>\$ 140,132</u>
Other Supplemental Information		
Interest paid	<u>\$ 49,776</u>	<u>\$ 22,672</u>

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

NOTE A ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Delta Gamma Center for Children with Visual Impairments (the Center) a not-for-profit corporation, is committed to helping St. Louis Metropolitan area children with visual impairments reach their full potential by providing individualized education, therapy, and support services to them and their families. The Center is certified by the Missouri State Department of Elementary and Secondary Education and the Illinois Department of Human Services and licensed by the Missouri Department of Mental Health. The fees generated for service assistance are provided by various state or local agencies and grants. Additionally, the Center is funded by contributions, volunteer sponsored fundraising events, and public money.

Basis of Presentation

The Center reports its information regarding financial position and activities according to three classes of net assets depending upon the existence or nature of any donor-imposed restrictions.

Net assets are classified as follows:

- *Permanently restricted net assets*—those resources subject to donor-imposed restrictions that will be maintained permanently by the Center. The donors of these resources permit the Center to use all or part of the income earned, including capital appreciation, on related investments for unrestricted or temporarily restricted purposes.
- *Temporarily restricted net assets*—those resources subject to donor-imposed restrictions that will be satisfied by actions of the Center or the passage of time.
- *Unrestricted net assets*—those resources over which the Board of Directors has discretionary control. Designated amounts represent those resources that the Board has set aside for a particular purpose.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. Gifts are reported as temporarily or permanently restricted support if they are received with a donor's stipulation that limits the use of the donated assets. When a donor's restriction is satisfied, temporarily restricted net assets are released and reported as an increase in unrestricted net assets.

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2010 and 2009

NOTE A ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Income Taxes

The Center is tax exempt under Section 501(c)(3) of the Internal Revenue Code. As such, the Center can only be taxed on income from any business activities unrelated to its charitable purpose. The Center received no unrelated business taxable income for the years ended June 30, 2010 and 2009; therefore, the statements do not include any provision for income taxes.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking accounts and money market accounts with original maturities of three months or less.

Service Contracts Receivable

The Center is reimbursed for services provided under contracts with the First Steps Programs in Missouri and Illinois and the Productive Living Board for St. Louis County Citizens with Developmental Disabilities. Service contracts receivable at June 30, 2010 and 2009 represent billings at contractual rates. On an annual basis, the Center evaluates its service contracts receivable and determines the requirement for an allowance based on a history of past collection experience. Service contracts receivable are written off when it is determined that all collection efforts have been exhausted. No allowance was considered necessary at June 30, 2010 and 2009.

Promises to Give

Unconditional promises to give are expected to be collected within one year and are recorded at their net realizable value. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management considers an allowance for uncollectible promises to give to be necessary at June 30, 2010 and 2009.

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2010 and 2009

NOTE A ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Investments and Investment Income

Investments consist of bond and equity index mutual funds. Investments are recorded at fair value. The investments have readily determinable fair values and are based on quoted market prices. The Center records donated investments at the fair market value at the date of donation. Realized and unrealized investment gains and losses are determined by comparison of specific costs of acquisition to proceeds at the time of disposal, or market value at the date of the statements of financial position. These gains and losses and other investment income are reflected in the statements of activities and changes in net assets.

Inventory

Inventory consists of books recorded at the lower of cost or market using the first-in/first-out method.

Property and Equipment

Property and equipment are stated at cost if purchased and at fair market value if contributed. Major renewals and betterments are charged to the property accounts while maintenance and repairs, which do not improve or extend the lives of the respective assets, are charged to expense as incurred. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets. Leasehold improvements are amortized using the straight-line method over the remaining terms of the leases. The Center capitalizes the acquisition costs of items purchased for \$1,000 or more.

Deferred Revenue

Deferred revenue results from the Center's recognizing revenue in the period in which the related services are performed, or when the conditions for the support have been met.

Advertising Costs

Advertising costs are charged to expense in the year in which the costs are incurred. Advertising costs were \$265 and \$760 for the years ended June 30, 2010 and 2009, respectively.

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2010 and 2009

NOTE A ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Donated Services and Materials

Donated services and materials are recorded at the estimated fair value if they enhance the Center's non-financial assets, or are specialized skills that the Center would normally purchase if not provided by donation. During the years ended June 30, 2010 and 2009, volunteers donated a significant amount of time to the Center's program services and its fundraising which did not meet these requirements and are not reflected in the accompanying financial statements.

Functional Allocation of Expenses

The Center allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management's estimate of the resources devoted to the program or supporting service activity.

Subsequent Events

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through October 21, 2010, the date the financial statements were available to be issued.

NOTE B RISK AND UNCERTAINTIES

Financial instruments that potentially subject the Center to credit and market risk consist principally of temporary cash and long-term investments.

The Center places substantially all of its cash with banks and other financial institutions. The accounts in those institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and the Securities Investor Protection Corporation (SIPC) up to \$100,000. As of June 30, 2010, the Center had amounts over the SIPC coverage; however, the Center does not anticipate non-performance by the financial institutions.

The Center has investments that are subject to market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2010 and 2009

NOTE CC PLEDGES RECEIVABLE

During the year ended June 30, 2007, the Center embarked upon a Capital Campaign to fund the acquisition of a building to support the daily operations of the Center. The Center also received certain unconditional promises to give related to its program services.

The unconditional promises to give at June 30, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Less than one year	\$ 124,126	\$ 347,164
One to five years	<u>124,354</u>	<u>207,180</u>
	248,480	554,344
Less allowance for doubtful accounts	(15,000)	(10,000)
Less discounts to net present value	<u>(12,657)</u>	<u>(14,235)</u>
NET PLEDGES RECEIVABLE	<u>\$ 220,823</u>	<u>\$ 530,109</u>

The rate used to discount the long-term pledges receivable was 3.0 percent and 3.5 percent in 2010 and 2009, respectively.

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2010 and 2009

NOTE DC INVESTMENTS

The Center adopted FASB Accounting Standards Codification (ASC) Topic 820. Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following tables present the fair value measurements of investments recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the ASC 820 fair value hierarchy in which the fair value measurements fall at June 30, 2010 and 2009:

	2010		
	Cost	Unrealized Loss	(Level 1) Fair Value
Mutual funds	<u>\$ 2,734,698</u>	<u>\$ (528,725)</u>	<u>\$ 2,205,973</u>
	2009		
	Cost	Unrealized Loss	(Level 1) Fair Value
Mutual funds	<u>\$ 2,733,844</u>	<u>\$ (762,659)</u>	<u>\$ 1,971,185</u>

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2010 and 2009

NOTE DC INVESTMENTS *(Continued)*

Investment return for June 30, 2010 and 2009 consists of:

	2010		
	Unrestricted	Permanently Restricted	Total
Interest and dividends	\$ 58,873	-	\$ 58,873
Realized and unrealized gain on investments, net	233,934	-	233,934
	\$ 292,807	\$ -0-	\$ 292,807
	2009		
	Unrestricted	Permanently Restricted	Total
Interest and dividends	\$ 80,431	-	\$ 80,431
Realized and unrealized loss on investments, net	(465,856)	\$ (12,143)	(477,999)
	\$ (385,425)	\$ (12,143)	\$ (397,568)

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2010 and 2009

NOTE EC PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2010	2009
Building	\$ 1,575,000	\$ 1,575,000
Building improvements	1,859,857	-
Office equipment	77,800	75,599
Tree lot equipment	9,439	9,439
Furniture and fixtures	133,067	128,052
	<u>3,655,163</u>	<u>1,788,090</u>
Less accumulated depreciation and amortization	(178,994)	(61,368)
	<u>\$ 3,476,169</u>	<u>\$ 1,726,722</u>

Depreciation and amortization expense amounted to \$117,626 and \$12,258 for the years ended June 30, 2010 and 2009, respectively.

During the year ended June 30, 2008, the Center purchased a new building. During the year ended June 30, 2009, renovations were in progress. As of July 2009, the renovations were substantially complete and the building was ready for use.

NOTE F LINE OF CREDIT

During the year ended June 30, 2008, the Center purchased a building. In order to finance the purchase of the building and renovations, the Center entered into a construction loan agreement dated February 15, 2008. All withdrawals made on the loan were to be used for the purchase and development of the facility. The total amount available from the line of credit was \$2,000,000. The line of credit had an interest rate of 6.0 percent. The outstanding balance on the line of credit was \$-0- and \$896,018 at June 30, 2010 and 2009, respectively. This line of credit was replaced by a note payable during the year ending June 30, 2010.

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2010 and 2009

NOTE G **NOTE PAYABLE**

During the year ended June 30, 2010, the Center replaced its line of credit with a note payable to a bank. The note requires monthly interest payments on the outstanding balance. The interest rate is variable based on the Corporate Prime Lending rate, but will never be less than 5 percent. The Center is required to hold \$500,000 in a separate mutual fund account pledged to the bank as security for the note. In addition, the Center is required to make periodic principal payments on the note. The note is due in full on January 6, 2015. The principal payments due are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2012	\$ 50,000
2013	50,000
2014	7,316
2015	<u>703,812</u>
TOTAL	<u>\$ 811,128</u>

NOTE H **LEASE COMMITMENT**

The Center leased its former office facilities under a non-cancelable operating lease that expired in March 2009.

Rental expenses for the years ended June 30, 2010 and 2009 were \$-0- and \$53,732, respectively.

NOTE I **PROGRAM REVENUES**

Program revenues consist of funding from the following:

	<u>2010</u>	<u>2009</u>
Missouri First Steps Program	\$ 200,118	\$ 205,219
Illinois First Steps Program	30,504	19,937
Productive Living Board for St. Louis County		
Citizens with Developmental Disabilities	17,960	17,040
Other	<u>19,769</u>	<u>19,888</u>
TOTAL PROGRAM REVENUE	<u>\$ 268,351</u>	<u>\$ 262,084</u>

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS *(Continued)*

June 30, 2010 and 2009

NOTE JCFUNDRAISING EVENTS

During the years ended June 30, 2010 and 2009, the Center engaged in several fundraising activities. These included the following:

	2010	2009
Tree lot		
Gross revenues	\$ 67,595	\$ 68,206
Gross expenses	30,089	32,671
Net income from tree lot	37,506	35,535
Run for Sight		
Gross revenues	82,705	52,360
Gross expenses	14,430	9,632
Net income from Run for Sight	68,275	42,728
Holiday House		
Gross revenues	21,350	21,247
Gross expenses	5,588	6,852
Net income from Holiday House	15,762	14,395
Miscellaneous		
Gross revenues	13,825	14,682
Gross expenses	4,862	7,385
Net income from miscellaneous	8,963	7,297
TOTAL SUPPORT FROM FUNDRAISING EVENTS, NET	\$ 130,506	\$ 99,955

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2010 and 2009

NOTE K TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were restricted for the following purposes at June 30:

	2010	2009
Purpose restriction—purchase and development of a new facility	\$ 183,637	\$ 507,784
Time restriction—Missouri Foundation for Health	-	5,000
Time restriction—United Way	30,324	30,324
Valerie Walch—endowment	6,862	2,130
TOTAL	\$ 220,823	\$ 545,238

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2010	2009
Satisfaction of restrictions:		
Purchase and development of a new facility	\$ 423,584	\$ 916,184
Time restrictions	37,454	75,324
Building campaign expenses	12,192	54,054
TOTAL	\$ 473,230	\$ 1,045,562

NOTE L PERMANENTLY RESTRICTED NET ASSETS

These funds were established in 1999 to ensure stability of the Center. The income from these funds is temporarily restricted or unrestricted to fund lecturing and speaking engagements that support the Center's purpose.

NOTE M RELATED PARTY DISCLOSURES

During the years ended June 30, 2010 and 2009, the Center received \$19,766 and \$17,780, respectively, in contributions and pledges from various members of the Board of Directors and from companies for which members serve as executive officers.

DELTA GAMMA CENTER FOR CHILDREN
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS (*Continued*)

June 30, 2010 and 2009

NOTE NCPENSION PLAN

The Center has a defined contribution pension plan that allows for an employer contribution of 5 percent of compensation, as defined by the plan, for participants meeting eligibility requirements of one year of service and age 21. Participants are 100 percent vested in the employer's contributions after three years of vesting service. Pension expenses for the years ended June 30, 2010 and 2009 were \$21,158 and \$19,487, respectively.

NOTE OCRECLASSIFICATION

As of June 30, 2009, certain balances were reclassified for comparative purposes.