

DELTA GAMMA CENTER FOR CHILDREN  
WITH VISUAL IMPAIRMENT

FINANCIAL STATEMENTS

*June 30, 2011 and 2010*



ZIELINSKI & ASSOCIATES, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

DELTA GAMMA CENTER FOR CHILDREN  
WITH VISUAL IMPAIRMENTS

FINANCIAL STATEMENTS

*June 30, 2011 and 2010*

DELTA GAMMA CENTER FOR CHILDREN  
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FINANCIAL STATEMENTS

*June 30, 2011 and 2010*

*Table of Contents*

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Independent Auditors' Report.....	Page 1
Statements of Financial Position.....	2
Statements of Activities and Changes in Net Assets .....	3
Statements of Functional Expenses .....	4
Statements of Cash Flows .....	5
Notes to Financial Statements.....	6



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2011 and 2010 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, 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.

*Zielinski & Associates*

October 21, 2011

DELTA GAMMA CENTER FOR CHILDREN  
WITH VISUAL IMPAIRMENTS

STATEMENTS OF FINANCIAL POSITION

*June 30, 2011 and 2010*

	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Assets</b>								
Cash and cash equivalents	\$ 486,495	-	-	\$ 486,495	\$ 125,632	-	-	\$ 125,632
Pledges receivable (less allowance for doubtful accounts of \$19,998 at June 30, 2011 and \$15,000 for June 30, 2010) (Note C)	-	\$ 202,363	-	202,363	-	\$ 213,961	-	213,961
Service contract and other receivables	107,776	-	-	107,776	38,051	-	-	38,051
Inventory	4,370	-	-	4,370	8,740	-	-	8,740
Prepaid expenses	39,478	-	-	39,478	26,367	-	-	26,367
Investments (Note D)	2,085,316	18,734	\$ 31,218	2,135,268	1,667,893	6,862	\$ 31,218	1,705,973
Investments—pledged as collateral (Note D and Note F)	500,000	-	-	500,000	500,000	-	-	500,000
Property and equipment, net (Note E)	3,377,229	-	-	3,377,229	3,476,169	-	-	3,476,169
<b>TOTAL ASSETS</b>	<b><u>\$ 6,600,664</u></b>	<b><u>\$ 221,097</u></b>	<b><u>\$ 31,218</u></b>	<b><u>\$ 6,852,979</u></b>	<b><u>\$ 5,842,852</u></b>	<b><u>\$ 220,823</u></b>	<b><u>\$ 31,218</u></b>	<b><u>\$ 6,094,893</u></b>
<b>Liabilities and Net Assets</b>								
<b>Liabilities</b>								
Accounts payable	\$ 18,067	-	-	\$ 18,067	\$ 8,574	-	-	\$ 8,574
Accrued expenses	51,159	-	-	51,159	53,753	-	-	53,753
Note payable (Note F)	454,635	-	-	454,635	811,128	-	-	811,128
Deferred revenue	-	-	-	-0-	10,000	-	-	10,000
<b>TOTAL LIABILITIES</b>	<b><u>523,861</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>523,861</u></b>	<b><u>883,455</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>883,455</u></b>
<b>Net assets</b>								
<b>Unrestricted</b>								
Operating	100,000	-	-	100,000	100,000	-	-	100,000
Board designated	2,599,574	-	-	2,599,574	1,383,228	-	-	1,383,228
Property and equipment	3,377,229	-	-	3,377,229	3,476,169	-	-	3,476,169
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<b><u>6,076,803</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>6,076,803</u></b>	<b><u>4,959,397</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>4,959,397</u></b>
Temporarily restricted (Note I)	-	\$ 221,097	-	221,097	-	\$ 220,823	-	220,823
Permanently restricted (Note J)	-	-	\$ 31,218	31,218	-	-	\$ 31,218	31,218
<b>TOTAL NET ASSETS</b>	<b><u>6,076,803</u></b>	<b><u>221,097</u></b>	<b><u>31,218</u></b>	<b><u>6,329,118</u></b>	<b><u>4,959,397</u></b>	<b><u>220,823</u></b>	<b><u>31,218</u></b>	<b><u>5,211,438</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 6,600,664</u></b>	<b><u>\$ 221,097</u></b>	<b><u>\$ 31,218</u></b>	<b><u>\$ 6,852,979</u></b>	<b><u>\$ 5,842,852</u></b>	<b><u>\$ 220,823</u></b>	<b><u>\$ 31,218</u></b>	<b><u>\$ 6,094,893</u></b>

DELTA GAMMA CENTER FOR CHILDREN  
WITH VISUAL IMPAIRMENTS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

*For the years ended June 30, 2011 and 2010*

	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenues</b>								
Contributions	\$ 326,885	\$ 537,472	-	\$ 864,357	\$ 289,152	\$ 118,491	-	\$ 407,643
In-kind donations	5,443	-	-	5,443	500	-	-	500
Grants	23,752	30,324	-	54,076	34,028	30,324	-	64,352
Bequests	325,200	-	-	325,200	77,695	-	-	77,695
Program	302,249	-	-	302,249	268,351	-	-	268,351
Investment income	64,901	-	-	64,901	58,873	-	-	58,873
Special events, net of direct costs of \$65,860 and \$54,969 at June 30, 2011 and 2010, respectively (Note H)	174,114	-	-	174,114	130,506	-	-	130,506
Realized and unrealized gain on investments, net	411,846	18,734	-	430,580	233,934	-	-	233,934
Miscellaneous	1,676	-	-	1,676	2,843	-	-	2,843
Net assets released from restrictions (Note I)	<u>586,256</u>	<u>(586,256)</u>	<u>-</u>	<u>-0-</u>	<u>473,230</u>	<u>(473,230)</u>	<u>-</u>	<u>-0-</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<u>2,222,322</u>	<u>274</u>	<u>-</u>	<u>2,222,596</u>	<u>1,569,112</u>	<u>(324,415)</u>	<u>-</u>	<u>1,244,697</u>
<b>Expenses</b>								
Program	857,047	-	-	857,047	761,986	-	-	761,986
Management and general	90,247	-	-	90,247	83,469	-	-	83,469
Development	<u>157,622</u>	<u>-</u>	<u>-</u>	<u>157,622</u>	<u>143,058</u>	<u>-</u>	<u>-</u>	<u>143,058</u>
<b>TOTAL EXPENSES</b>	<u>1,104,916</u>	<u>-</u>	<u>-</u>	<u>1,104,916</u>	<u>988,513</u>	<u>-</u>	<u>-</u>	<u>988,513</u>
<b>CHANGES IN NET ASSETS</b>	1,117,406	274	-	1,117,680	580,599	(324,415)	-	256,184
<b>Net Assets, Beginning of Year</b>	<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>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 6,076,803</u>	<u>\$ 221,097</u>	<u>\$ 31,218</u>	<u>\$ 6,329,118</u>	<u>\$ 4,959,397</u>	<u>\$ 220,823</u>	<u>\$ 31,218</u>	<u>\$ 5,211,438</u>

DELTA GAMMA CENTER FOR CHILDREN  
WITH VISUAL IMPAIRMENTS

STATEMENTS OF FUNCTIONAL EXPENSES

*For the years ended June 30, 2011 and 2010*

	<u>2011</u>				<u>2010</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Development</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Development</u>	<u>Total</u>
<b>Salaries and Related Expenses</b>								
Salaries and related benefits	\$ 564,526	\$ 56,765	\$ 104,869	\$ 726,160	\$ 477,879	\$ 55,272	\$ 90,359	\$ 623,510
Other personnel costs	<u>587</u>	<u>62</u>	<u>106</u>	<u>755</u>	<u>1,066</u>	<u>96</u>	<u>205</u>	<u>1,367</u>
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	565,113	56,827	104,975	726,915	478,945	55,368	90,564	624,877
<b>Other Expenses</b>								
Communications	15,202	1,559	18,195	34,956	14,682	1,317	16,343	32,342
Utilities	14,247	3,722	3,017	20,986	16,812	1,507	3,231	21,550
Program and trip expenses	49,959	293	512	50,764	41,721	159	341	42,221
Facility	45,910	7,748	7,916	61,574	48,578	9,112	8,423	66,113
Professional services	15,864	1,628	2,847	20,339	5,926	532	1,140	7,598
Staff training	715	3,167	129	4,011	2,351	785	235	3,371
Staff travel	38,429	166	-	38,595	34,680	435	31	35,146
Insurance	17,938	5,535	3,219	26,692	17,068	5,123	3,287	25,478
Building campaign expenses	<u>389</u>	<u>39</u>	<u>70</u>	<u>498</u>	<u>9,472</u>	<u>899</u>	<u>1,820</u>	<u>12,191</u>
<b>TOTAL OTHER EXPENSES</b>	<u>198,653</u>	<u>23,857</u>	<u>35,905</u>	<u>258,415</u>	<u>191,290</u>	<u>19,869</u>	<u>34,851</u>	<u>246,010</u>
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	763,766	80,684	140,880	985,330	670,235	75,237	125,415	870,887
<b>Depreciation</b>	<u>93,281</u>	<u>9,563</u>	<u>16,742</u>	<u>119,586</u>	<u>91,751</u>	<u>8,232</u>	<u>17,643</u>	<u>117,626</u>
<b>TOTAL EXPENSES</b>	<u>\$ 857,047</u>	<u>\$ 90,247</u>	<u>\$ 157,622</u>	<u>\$ 1,104,916</u>	<u>\$ 761,986</u>	<u>\$ 83,469</u>	<u>\$ 143,058</u>	<u>\$ 988,513</u>

DELTA GAMMA CENTER FOR CHILDREN  
WITH VISUAL IMPAIRMENTS

STATEMENTS OF CASH FLOWS

*For the years ended June 30, 2011 and 2010*

	<u>2011</u>	<u>2010</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,117,680	\$ 256,184
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	119,586	117,626
Realized and unrealized gain on investments (Increase) decrease in assets	(430,580)	(233,934)
Pledges receivable, net	11,598	316,148
Service contract and other receivables	(69,725)	9,034
Inventory	4,370	4,830
Prepaid expenses	(13,111)	(6,462)
Increase (decrease) in liabilities		
Accounts payable	9,493	(3,150)
Accrued expenses and deferred revenue	(12,594)	5,561
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>736,717</u>	<u>465,837</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(20,646)	(394,593)
Investment activity—net	1,285	(854)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(19,361)</u>	<u>(395,447)</u>
<b>Cash Flows from Financing Activities</b>		
Net payments on notes payable	(356,493)	(84,890)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(356,493)</u>	<u>(84,890)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	360,863	(14,500)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>125,632</u>	<u>140,132</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 486,495</u>	<u>\$ 125,632</u>
<b>Other Supplemental Information</b>		
Interest paid	<u>\$ 35,250</u>	<u>\$ 49,776</u>

DELTA GAMMA CENTER FOR CHILDREN  
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS

*June 30, 2011 and 2010*

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**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, 2011 and 2010*

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**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, 2011 and 2010; 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 contract receivables at June 30, 2011 and 2010 represent billings at contractual rates. On an annual basis, the Center evaluates its service contract receivables and determines the requirement for an allowance based on a history of past collection experience. Service contract receivables are written off when it is determined that all collection efforts have been exhausted. No allowance was considered necessary at June 30, 2011 and 2010.

**Promises to Give**

Unconditional promises to give are expected to be collected within one to five years 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, 2011 and 2010.

DELTA GAMMA CENTER FOR CHILDREN  
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS *(Continued)*

*June 30, 2011 and 2010*

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**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.

DELTA GAMMA CENTER FOR CHILDREN  
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS *(Continued)*

*June 30, 2011 and 2010*

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**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, 2011 and 2010, 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.

**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, 2011, 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, 2011 and 2010*

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**NOTE C—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, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Less than one year	\$ 123,245	\$ 124,126
One to five years	<u>108,264</u>	<u>117,492</u>
	231,509	241,618
Less allowance for doubtful accounts	(19,998)	(15,000)
Less discounts to net present value	<u>(9,148)</u>	<u>(12,657)</u>
<b>NET PLEDGES RECEIVABLE</b>	<u>\$ 202,363</u>	<u>\$ 213,961</u>

The rate used to discount the long-term pledges receivable was 3.0 percent in 2011 and 2010.

DELTA GAMMA CENTER FOR CHILDREN  
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS *(Continued)*

*June 30, 2011 and 2010*

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**NOTE D—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, 2011 and 2010:

	<u><b>Fair Value (Level 1)</b></u>	
	<u><b>2011</b></u>	<u><b>2010</b></u>
Mutual funds	\$ 2,135,268	\$ 1,705,973
Mutual funds—pledged as collateral	<u>500,000</u>	<u>500,000</u>
<b>TOTAL</b>	<u><u>\$ 2,635,268</u></u>	<u><u>\$ 2,205,973</u></u>

DELTA GAMMA CENTER FOR CHILDREN  
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS *(Continued)*

*June 30, 2011 and 2010*

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**NOTE D—INVESTMENTS** *(Continued)*

Investment return for June 30, 2011 and 2010 consists of:

	<b>2011</b>	<b>2010</b>
Interest and dividends	\$ 64,901	\$ 58,873
Realized and unrealized gain on investments, net	430,580	233,934
	\$ 495,481	\$ 292,807

**NOTE E—PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<b>2011</b>	<b>2010</b>
Building	\$ 1,575,000	\$ 1,575,000
Building improvements	1,859,857	1,859,857
Office equipment	80,172	77,800
Tree lot equipment	9,439	9,439
Furniture and fixtures	151,341	133,067
	3,675,809	3,655,163
Less accumulated depreciation	(298,580)	(178,994)
	\$ 3,377,229	\$ 3,476,169

Depreciation expense amounted to \$119,586 and \$117,626 for the years ended June 30, 2011 and 2010, respectively.

DELTA GAMMA CENTER FOR CHILDREN  
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS *(Continued)*

*June 30, 2011 and 2010*

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**NOTE F—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 balance due on the note was \$454,635 and \$811,128 as of June 30, 2011 and 2010, respectively. The note was paid in full in August of 2011.

**NOTE G—PROGRAM REVENUES**

Program revenues consist of funding from the following:

	<b>2011</b>	<b>2010</b>
Missouri First Steps Program	\$ 233,807	\$ 200,118
Illinois First Steps Program	30,673	30,504
Productive Living Board for St. Louis County Citizens with Developmental Disabilities	18,490	17,960
Other	19,279	19,769
<b>TOTAL PROGRAM REVENUE</b>	<b>\$ 302,249</b>	<b>\$ 268,351</b>

DELTA GAMMA CENTER FOR CHILDREN  
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS *(Continued)*

*June 30, 2011 and 2010*

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**NOTE H—SPECIAL EVENTS**

During the years ended June 30, 2011 and 2010, the Center engaged in several fundraising activities. These included the following:

	<u>2011</u>	<u>2010</u>
Tree lot		
Gross revenues	\$ 65,115	\$ 67,595
Gross expenses	<u>28,694</u>	<u>30,089</u>
Net income from tree lot	36,421	37,506
Run for Sight		
Gross revenues	132,938	82,705
Gross expenses	<u>15,065</u>	<u>14,430</u>
Net income from Run for Sight	117,873	68,275
Holiday House		
Gross revenues	24,160	21,350
Gross expenses	<u>9,039</u>	<u>5,588</u>
Net income from Holiday House	15,121	15,762
Miscellaneous		
Gross revenues	17,761	13,825
Gross expenses	<u>13,062</u>	<u>4,862</u>
Net income from miscellaneous	<u>4,699</u>	<u>8,963</u>
<b>TOTAL SUPPORT FROM SPECIAL EVENTS, NET</b>	<u>\$ 174,114</u>	<u>\$ 130,506</u>

DELTA GAMMA CENTER FOR CHILDREN  
WITH VISUAL IMPAIRMENTS

NOTES TO FINANCIAL STATEMENTS *(Continued)*

*June 30, 2011 and 2010*

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**NOTE I—TEMPORARILY RESTRICTED NET ASSETS**

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

	<b>2011</b>	<b>2010</b>
Purpose restriction—purchase and development of a new facility	\$ 172,039	\$ 183,637
Time restriction—United Way	30,324	30,324
Valerie Walch—endowment	18,734	6,862
<b>TOTAL</b>	<b>\$ 221,097</b>	<b>\$ 220,823</b>

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

	<b>2011</b>	<b>2010</b>
Satisfaction of restrictions:		
Purchase and development of a new facility	\$ 552,927	\$ 423,584
Time restrictions	30,324	37,454
Walch activities	2,507	-
Building campaign expenses	498	12,192
<b>TOTAL</b>	<b>\$ 586,256</b>	<b>\$ 473,230</b>

**NOTE J—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 K—RELATED PARTY DISCLOSURES**

During the years ended June 30, 2011 and 2010, the Center received \$24,378 and \$19,766, 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, 2011 and 2010*

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**NOTE L—PENSION 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, 2011 and 2010 were \$26,180 and \$21,158, respectively.

**NOTE M—RECLASSIFICATION**

As of June 30, 2010, certain balances were reclassified for comparative purposes.

**NOTE N—SUBSEQUENT EVENTS**

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through October 21, 2011, the date the financial statements were available to be issued.