
ST. JOSEPH INSTITUTE FOR THE DEAF

Chesterfield, Missouri

FINANCIAL STATEMENTS WITH
SUPPLEMENTAL INFORMATION AND
INDEPENDENT AUDITORS' REPORT

**YEARS ENDED
JUNE 30, 2009 AND 2008**



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INDEPENDENT AUDITORS' REPORT

Board of Directors
St. Joseph Institute for the Deaf
Chesterfield, Missouri

We have audited the accompanying statements of financial position of St. Joseph Institute for the Deaf (the "Institute"), a not-for-profit organization, as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of the Institute. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 St. Joseph Institute for the Deaf as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on pages 23 through 34 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Stone Carlie & Company, L.L.C.

November 10, 2009

ST. JOSEPH INSTITUTE FOR THE DEAF

STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2009	2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$249,560	\$523,376
Investments	2,423,361	3,303,850
Accounts receivable, less allowance for doubtful accounts of \$77,832 in 2009 and 2008	173,377	430,316
Promises to give	745,300	951,900
Inventory	4,917	8,215
Prepaid expenses and other assets	67,039	76,567
TOTAL CURRENT ASSETS	3,663,554	5,294,224
PROMISES TO GIVE	4,977	153,332
PROPERTY AND EQUIPMENT	8,457,989	8,894,230
DEFERRED LOAN FEES	42,094	45,101
ASSETS RESTRICTED FOR ENDOWMENT, Less allowance for doubtful accounts of \$17,500 in 2008	1,836,677	1,893,215
BENEFICIAL INTEREST IN PERPETUAL TRUSTS	127,804	149,265
	\$14,133,095	\$16,429,367
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$172,005	\$164,190
Accounts payable	27,592	95,577
Accrued expenses	291,835	254,426
Deferred revenue	3,400	2,650
Fair value of interest rate swap	282,186	123,714
TOTAL CURRENT LIABILITIES	777,018	640,557
LONG-TERM DEBT, Less current maturities	4,608,708	4,780,513
TOTAL LIABILITIES	5,385,726	5,421,070
NET ASSETS		
Unrestricted	5,747,660	7,982,714
Temporarily restricted	957,111	998,616
Permanently restricted	2,042,598	2,026,967
TOTAL NET ASSETS	8,747,369	11,008,297
	\$14,133,095	\$16,429,367

ST. JOSEPH INSTITUTE FOR THE DEAF

STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PROGRAM REVENUES				
Tuition	\$3,205,177	-	-	\$3,205,177
Tuition - financial aid	(791,608)	-	-	(791,608)
Audiology revenue	402,146	-	-	402,146
TOTAL PROGRAM REVENUES	<u>2,815,715</u>	<u>-</u>	<u>-</u>	<u>2,815,715</u>
EXPENSES				
Program services	5,506,628	-	-	5,506,628
Supporting activities:				
Management and general	752,850	-	-	752,850
Fundraising	619,349	-	-	619,349
TOTAL SUPPORTING ACTIVITIES	<u>1,372,199</u>	<u>-</u>	<u>-</u>	<u>1,372,199</u>
TOTAL EXPENSES	<u>6,878,827</u>	<u>-</u>	<u>-</u>	<u>6,878,827</u>
EXPENSES IN EXCESS OF PROGRAM REVENUES	<u>(4,063,112)</u>	<u>-</u>	<u>-</u>	<u>(4,063,112)</u>
SUPPORT				
United Way of Greater St. Louis	4,053	\$240,304	-	244,357
Contributions and gifts	736,674	639,532	\$37,092	1,413,298
Special events and fundraisers	662,440	-	-	662,440
Net assets released from restrictions	1,169,481	(1,169,481)	-	-
TOTAL SUPPORT	<u>2,572,648</u>	<u>(289,645)</u>	<u>37,092</u>	<u>2,320,095</u>
OTHER INCOME (EXPENSES)				
Interest and dividends	152,826	-	-	152,826
Realized and unrealized losses on investments, net	(783,679)	-	(21,461)	(805,140)
Rental income	129,193	-	-	129,193
Miscellaneous	5,210	-	-	5,210
TOTAL OTHER INCOME (EXPENSE)	<u>(496,450)</u>	<u>-</u>	<u>(21,461)</u>	<u>(517,911)</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(1,986,914)</u>	<u>(289,645)</u>	<u>15,631</u>	<u>(2,260,928)</u>
NET ASSETS, Beginning of year	7,982,714	998,616	2,026,967	11,008,297
TRANSFER (see note 11)	<u>(248,140)</u>	<u>248,140</u>	<u>-</u>	<u>-</u>
NET ASSETS, End of year	<u><u>\$5,747,660</u></u>	<u><u>\$957,111</u></u>	<u><u>\$2,042,598</u></u>	<u><u>\$8,747,369</u></u>

ST. JOSEPH INSTITUTE FOR THE DEAF

STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PROGRAM REVENUES				
Tuition	\$3,087,125	-	-	\$3,087,125
Tuition - financial aid	(661,400)	-	-	(661,400)
Audiology revenue	514,316	-	-	514,316
TOTAL PROGRAM REVENUES	<u>2,940,041</u>	<u>-</u>	<u>-</u>	<u>2,940,041</u>
EXPENSES				
Program services	<u>5,528,343</u>	<u>-</u>	<u>-</u>	<u>5,528,343</u>
Supporting activities:				
Management and general	690,709	-	-	690,709
Fundraising	647,174	-	-	647,174
TOTAL SUPPORTING ACTIVITIES	<u>1,337,883</u>	<u>-</u>	<u>-</u>	<u>1,337,883</u>
TOTAL EXPENSES	<u>6,866,226</u>	<u>-</u>	<u>-</u>	<u>6,866,226</u>
EXPENSES IN EXCESS OF PROGRAM REVENUES	<u>(3,926,185)</u>	<u>-</u>	<u>-</u>	<u>(3,926,185)</u>
SUPPORT				
United Way of Greater St. Louis	5,472	\$240,304	-	245,776
Contributions and gifts	1,036,276	309,201	\$103,786	1,449,263
Special events and fundraisers	525,738	-	-	525,738
Net assets released from restrictions	1,249,695	(1,249,695)	-	-
TOTAL SUPPORT	<u>2,817,181</u>	<u>(700,190)</u>	<u>103,786</u>	<u>2,220,777</u>
OTHER INCOME (EXPENSE)				
Interest and dividends	90,374	40,281	-	130,655
Realized and unrealized losses on investments, net	(604,456)	(282,204)	-	(886,660)
Rental income	121,595	-	-	121,595
Miscellaneous	8,451	-	-	8,451
TOTAL OTHER INCOME (EXPENSE)	<u>(384,036)</u>	<u>(241,923)</u>	<u>-</u>	<u>(625,959)</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(1,493,040)</u>	<u>(942,113)</u>	<u>103,786</u>	<u>(2,331,367)</u>
NET ASSETS, Beginning of year	<u>9,475,754</u>	<u>1,940,729</u>	<u>1,923,181</u>	<u>13,339,664</u>
NET ASSETS, End of year	<u>\$7,982,714</u>	<u>\$998,616</u>	<u>\$2,026,967</u>	<u>\$11,008,297</u>

ST. JOSEPH INSTITUTE FOR THE DEAF

STATEMENTS OF CASH FLOWS

	<u>Years Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	(\$2,260,928)	(\$2,331,367)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Realized and unrealized losses on investments, net	805,140	886,660
Contributions restricted for permanent investment	(37,092)	(103,786)
Change in value of beneficial interest in perpetual trusts	21,461	-
Decrease in fair value of interest rate swap	158,472	178,298
Depreciation and amortization	445,056	438,933
Changes in assets and liabilities:		
(Increase) decrease in operating assets:		
Accounts receivable	256,939	(281,541)
Inventory	3,298	24,489
Promises to give	354,955	446,385
Prepaid expenses and other assets	12,535	(23,830)
Increase (decrease) in operating liabilities:		
Accounts payable	(67,985)	53,620
Accrued expenses	37,409	883
Deferred revenue	750	(3,161)
NET CASH USED BY OPERATING ACTIVITIES	<u>(269,990)</u>	<u>(714,417)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(5,360,942)	(4,238,426)
Proceeds from sale of investments	5,467,830	4,548,709
Payments for property and equipment	(8,815)	(107,083)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>98,073</u>	<u>203,200</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for endowment	62,091	132,572
Payments on long-term debt	(163,990)	(154,768)
NET CASH USED BY FINANCING ACTIVITIES	<u>(101,899)</u>	<u>(22,196)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(273,816)	(533,413)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>523,376</u>	<u>1,056,789</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$249,560</u></u>	<u><u>\$523,376</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u><u>\$179,223</u></u>	<u><u>\$186,817</u></u>

ST. JOSEPH INSTITUTE FOR THE DEAF

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 1 - OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

St. Joseph Institute for the Deaf (the "Institute") is sponsored by the Sisters of St. Joseph of Carondelet and provides educational programs, speech therapy and training for hearing-impaired children at campuses in St. Louis, Missouri; Lenexa, Kansas; and Indianapolis, Indiana. The St. Louis campus also offers on-site audiology services to children and adults. The Institute has a program affiliate at the Carle Medical Center in Champaign-Urbana, Illinois.

Basis of Accounting

The financial statements of the Institute are prepared using the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Non-For-Profit Organizations*. Under SFAS No. 117, the Institute is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that will affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenue and expenses during the reporting period, and certain disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all financial instruments purchased with maturities of three months or less. The Institute places its temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

Investments

Investments, including those restricted for endowment, are stated at fair value. The fair values are based on quoted market prices. For purposes of determining the gain or loss on a sale, the cost of the securities sold is based on specific identification or the average cost of the shares of each security held at the date of sale. See note 2 for discussion of fair value measurements.

ST. JOSEPH INSTITUTE FOR THE DEAF

NOTE 1 - OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Promises to Give

Accounts receivable and promises to give are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollected amounts through a charge to bad debt expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after 90 days and after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable or promises to give. Changes in the valuation allowance have not been material to the financial statements.

Property and Equipment

Property and equipment are stated at cost when purchased or at fair value on the date received as a donation, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years. Expenditures for major renewals and improvements which increase the useful lives of assets are capitalized. Maintenance and repairs are expensed as incurred.

Deferred Revenue

Program revenue received by the Institute for a forthcoming year is reflected as a liability on the Statement of Financial Position until the year earned, at which time the income is recognized.

Derivative Instruments and Hedging Activities

The Institute accounts for derivatives and hedging activities in accordance with FASB Statement No. 133, *Accounting for Derivative Instruments and Certain Hedging Activities*, as amended. The Institute uses an interest rate swap agreement to manage interest rate volatility related to variable rate debt. The Institute records unrealized gains and losses in the Statement of Activities. The Institute does not speculate using derivative instruments.

Restricted and Unrestricted Support and Revenue

The Institute reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

The Institute reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Institute reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

ST. JOSEPH INSTITUTE FOR THE DEAF

NOTE 1 - OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description of Program Services and Supporting Activities

The following program services and supporting activities are included in the accompanying financial statements:

Program

Includes those expenditures that enable the Institute to provide a program of education and training for deaf students.

Management and General

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Institute's program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Institute.

Fundraising

Provides the structure necessary to encourage and secure private financial support from corporations, foundations and individuals.

Expense Allocation

Expenses are charged to program services and supporting activities on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Institute.

Financial Aid

Financial aid is awarded to students who show economic need. Tuition revenue includes scholarships of \$791,608 in 2009 and \$661,400 in 2008.

Tax Status

The Internal Revenue Service has issued a group ruling with respect to the federal tax status of the Institute and other organizations listed in the annual edition of the Official Catholic Directory. The ruling exempts the Institute from federal income taxes and permits the deductibility for federal income tax purposes of contributions to the Institute.

Fair Value

The carrying amounts of accounts receivable, current promises to give and accounts payable and accrued expenses approximate fair value due to the short period to maturity. The long-term promises to give, liabilities under split-interest agreements, and bonds payable approximate fair value due to the similarity of the discount or interest rates with the rates of return on investments with similar maturities.

Reclassifications

Certain prior-year amounts have been reclassified to conform to the current year presentation.

ST. JOSEPH INSTITUTE FOR THE DEAF

NOTE 2 - FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2009 and 2008.

Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements* (FASB No. 157), establishes a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB No. 157 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Investments and Assets Restricted for Endowment are valued based on quoted market prices (level 1).

Interest Rate Swap contract was estimated using models that utilized observable level 2 market data including any yields or spreads that may be available as of the date of valuation.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with industry practices, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

ST. JOSEPH INSTITUTE FOR THE DEAF

NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

Investments and Assets Restricted for Endowment

Investments are carried at fair value in accordance with accounting principles generally accepted in the United States of America. Investments and assets restricted for endowment consist of:

	June 30,			
	2009		2008	
	Cost	Fair Value	Cost	Fair Value
Money market	\$2,712	\$2,712	\$261,609	\$261,609
U.S. Government and agency securities	216,107	223,141	242,056	250,076
Corporate bonds	1,088,346	1,101,380	1,339,357	1,353,113
Municipal bonds	-	-	25,000	25,118
Mutual funds	2,214,786	2,882,783	-	-
Common stocks	-	-	3,756,855	3,235,313
	<u>3,521,951</u>	<u>4,210,016</u>	<u>5,624,877</u>	<u>5,125,229</u>
Less: assets restricted for endowment	<u>1,494,653</u>	<u>1,786,655</u>	<u>1,998,941</u>	<u>1,821,379</u>
Amount reported as investments	<u>\$2,027,298</u>	<u>\$2,423,361</u>	<u>\$3,625,936</u>	<u>\$3,303,850</u>

Unrealized gains (losses) of \$1,187,713 in 2009 and (\$632,848) in 2008 were recorded to adjust the investments to fair value.

Assets restricted for endowment consist of:

	June 30,	
	2009	2008
Investments - per above table	\$1,786,655	\$1,821,379
Promises to give, net	<u>50,022</u>	<u>71,836</u>
	<u>\$1,836,677</u>	<u>\$1,893,215</u>

Promises to give are net of an allowance for doubtful accounts of \$17,500 at June 30, 2008. No allowance is necessary at June 30, 2009.

Investment expenses incurred for 2009 and 2008 amounted to approximately \$2,900 and \$38,800, respectively.

ST. JOSEPH INSTITUTE FOR THE DEAF

NOTE 2 - FAIR VALUE MEASUREMENTS *(Continued)*

Interest Rate Swap

During the year ended June 30, 2004, the Institute entered into a contract to hedge the interest rate exposure on a financing agreement (Note 6). Under this interest rate swap agreement, which was entered into with a major financial institution, the Institute pays a fixed rate of 4.89% and receives a floating rate based on 65% of the one-month LIBOR rate plus 150 basis points, with payments calculated on an amortizable notional amount with an initial balance approximating \$4,348,000. This agreement expires in November 2023. The swap is an instrument designed to manage the Institute's exposure to interest rate risk during the remaining life of the bonds payable. The swap is settled monthly, marked to market at each reporting date and the change in fair value is recognized in the Statement of Activities currently. As a result of this mark-to-market at June 30, 2009 the Institute has recorded a liability of \$282,186 at June 30, 2009 and \$123,714 at June 30, 2008.

NOTE 3 - PROMISES TO GIVE

Promises to give at June 30, 2009 consist of the following:

	Unrestricted and Temporarily Restricted				Permanently Restricted	Total
	St. Louis Fund	Kansas City Fund	Indianapolis Fund	Total	Endowment Fund	
Promises due in less than one year	\$416,500	\$165,540	\$163,260	\$745,300	\$25,250	\$770,550
Promises due in one to five years	-	-	5,000	5,000	25,000	30,000
	416,500	165,540	168,260	750,300	50,250	800,550
Less: discount	-	-	23	23	228	251
	<u>\$416,500</u>	<u>\$165,540</u>	<u>\$168,237</u>	<u>\$750,277</u>	<u>\$50,022</u>	<u>\$800,299</u>

ST. JOSEPH INSTITUTE FOR THE DEAF

NOTE 3 - PROMISES TO GIVE *(Continued)*

Promises to give at June 30, 2008 consist of the following:

	Unrestricted and Temporarily Restricted				Permanently Restricted	Total
	St. Louis Fund	Kansas City Fund	Indianapolis Fund	Total	Endowment Fund	
Promises due in less than one year	\$436,050	\$287,549	\$228,301	\$951,900	\$30,500	\$982,400
Promises due in one to five years	-	100,000	61,000	161,000	63,000	224,000
	<u>436,050</u>	<u>387,549</u>	<u>289,301</u>	<u>1,112,900</u>	<u>93,500</u>	<u>1,206,400</u>
Less: discount	-	4,763	2,905	7,668	4,164	11,832
Less: allowance for doubtful accounts	-	-	-	-	17,500	17,500
	<u>\$436,050</u>	<u>\$382,786</u>	<u>\$286,396</u>	<u>\$1,105,232</u>	<u>\$71,836</u>	<u>\$1,177,068</u>

The Endowment Fund promises to give are permanently restricted and are reported in the statement of financial position as assets restricted for endowment (Note 2). Promises to give with due dates extending beyond one year are discounted using the one year treasury bill rate (.46% at June 30, 2009).

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of:

	June 30,	
	2009	2008
Building and improvements - Chesterfield	\$11,442,222	\$11,442,222
Building improvements - Indianapolis	156,422	156,422
Building improvements - Kansas	359,435	359,435
Furniture and equipment	1,696,443	1,687,631
Automobiles	102,936	168,675
	<u>13,757,458</u>	<u>13,814,385</u>
Less: accumulated depreciation and amortization	<u>5,299,469</u>	<u>4,920,155</u>
	<u>\$8,457,989</u>	<u>\$8,894,230</u>

Depreciation and amortization expense amount to \$445,056 in 2009 and \$438,933 in 2008, respectively.

ST. JOSEPH INSTITUTE FOR THE DEAF

NOTE 5 - BENEFICIAL INTEREST IN PERPETUAL TRUSTS

Beneficial interest in perpetual trusts consist of unconditional promises to give from perpetual trusts created by independent donors, which are not in the possession or control of the Institute but are held and administered by independent bank trustees. The Institute, along with other specified not-for-profit organizations, is a beneficiary of these trusts. The Institute only derives income from these trusts, which is included in "interest and dividends" on the statement of activities. The Institute has recorded the promises to give at the present value of the future cash flows from the trusts. At June 30, 2009, the Institute's share of the decrease in the value of the trusts was \$21,461. At June 30, 2008, the present value was estimated to be equivalent to the Institute's share of the current fair value of the trusts. See Note 8 for spending policy adopted by the Board.

NOTE 6 - LONG-TERM DEBT

On December 19, 1996, \$7,000,000 in tax-exempt bonds, secured by real estate and equipment, were issued by the Industrial Development Authority of Chesterfield on behalf of the Institute. Under the original terms of the bonds, they matured in December 2016. Principal payments on the bonds were payable in monthly installments and began in January 1998. Interest on the bonds was payable in monthly installments and began in January 1997. The bonds bore interest at 5.375% from January 1997 through December 31, 2001 and 4.060% from January 2002 through December 2006.

During 2004, the Institute refinanced its bond agreement. The principal balance remained unchanged but the maturity date was extended until November 2023. Additionally, the new agreement provided for interest at a fluctuating rate per annum equal to 65% of the LIBOR rate plus 150 basis points. The Institute entered into a contract with a lender to manage its exposure to interest rate risk (Note 2). The outstanding balance of these bonds payable at June 30, 2009 and 2008 is \$3,530,713 and \$3,694,903, respectively. Loan fees incurred to issue the bonds are deferred and will be amortized through 2023 in the amount of \$3,007 per year. The unamortized loan fees at June 30, 2009 and 2008 amount to \$42,094 and \$45,101, respectively. Interest expense incurred on the bonds for 2009 and 2008 amounted to \$186,416 and \$180,455, respectively.

Under the terms of this agreement, the Institute must maintain a cushion ratio, as defined in the bond agreement, of at least 115% through the final maturity date of the bond. As of June 30, 2009 and 2008, the Institute was in compliance with the cushion ratio requirement.

During August 2000, the Institute entered into a note agreement with the Sisters of St. Joseph of Carondelet. The note bears no interest and is secured by real estate. The principal amount of the note is payable upon the earliest of the following: the sale by the Institute of the real estate in Chesterfield, Missouri, the merger or dissolution of the Institute, and such time as the Sisters of St. Joseph of Carondelet cease to sponsor the Institute. The outstanding balance of the note payable at June 30, 2009 and 2008 is \$1,250,000 and \$1,249,800, respectively.

ST. JOSEPH INSTITUTE FOR THE DEAF

NOTE 6 - LONG-TERM DEBT *(Continued)*

The aggregate scheduled maturities of long-term debt at June 30, 2009 are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$172,005
2011	180,752
2012	189,518
2013	198,807
2014	210,110
Thereafter	3,829,521
	<u>\$4,780,713</u>

NOTE 7 - NET ASSETS

Temporarily restricted net assets are subject to the following donor-imposed restrictions at June 30, 2009:

	<u>St. Louis</u>	<u>Kansas City</u>	<u>Indianapolis</u>	<u>Total</u>
Time restrictions:				
Donated artwork	\$45,000	-	-	\$45,000
United Way contribution	120,150	-	-	120,150
Oberkotter pledges	290,000	\$100,000	\$55,000	445,000
Other grants/pledges	19,792	14,356	186,664	220,812
Purpose restrictions:				
Building renovations	-	-	10,978	10,978
Scholarships	115,171	-	-	115,171
	<u>\$590,113</u>	<u>\$114,356</u>	<u>\$252,642</u>	<u>\$957,111</u>

Net assets were released from donor-imposed restrictions in 2009 as follows:

	<u>St. Louis</u>	<u>Kansas City</u>	<u>Indianapolis</u>	<u>Total</u>
Oberkotter funding	\$350,000	\$150,000	\$65,000	\$565,000
Other grants/pledges	12,594	-	106,635	119,229
Scholarships	235,198	-	-	235,198
United Way contribution	250,054	-	-	250,054
	<u>\$847,846</u>	<u>\$150,000</u>	<u>\$171,635</u>	<u>\$1,169,481</u>

The Institute has adopted the policy of reporting match contributions as unrestricted in the year in which the support has been earned, regardless of whether the cash has been received.

ST. JOSEPH INSTITUTE FOR THE DEAF

NOTE 7 - NET ASSETS *(Continued)*

Temporarily restricted net assets are subject to the following donor-imposed restrictions at June 30, 2008:

	<u>St. Louis</u>	<u>Kansas City</u>	<u>Indianapolis</u>	<u>Total</u>
Time restrictions:				
Donated artwork	\$45,000	-	-	\$45,000
United Way contribution	120,150	-	-	120,150
Oberkotter pledges	310,000	\$245,237	\$117,096	672,333
Other grants/pledges	14,769	12,856	272,949	300,574
Purpose restrictions:				
Building renovations	-	-	11,000	11,000
Scholarships	97,699	-	-	97,699
Endowment earnings	(248,140)	-	-	(248,140)
	<u>\$339,478</u>	<u>\$258,093</u>	<u>\$401,045</u>	<u>\$998,616</u>

Net assets were released from donor-imposed restrictions in 2008 as follows:

	<u>St. Louis</u>	<u>Kansas City</u>	<u>Indianapolis</u>	<u>Total</u>
Building renovations	-	-	\$4,000	\$4,000
Oberkotter funding	\$258,766	\$130,933	75,000	464,699
Other grants/pledges	23,670	48,894	201,790	274,354
Scholarships	264,874	-	-	264,874
United Way contribution	241,768	-	-	241,768
	<u>\$789,078</u>	<u>\$179,827</u>	<u>\$280,790</u>	<u>\$1,249,695</u>

Permanently restricted net assets consist of funds totaling \$2,042,598 and \$2,026,967 at June 30, 2009 and 2008, respectively. The earnings on these funds are to be used for financial aid.

NOTE 8 - ENDOWMENT

The Institute's endowment consists of both donor restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Both the donor restricted endowment and the funds designated by the Board of Trustees were established to provide financial aid to hearing impaired students that attend the Institute. The corpus of the funds are to remain in perpetuity and earnings from the funds are to be used to fund the financial aid. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

ST. JOSEPH INSTITUTE FOR THE DEAF

NOTE 8 - ENDOWMENT *(Continued)*

Interpretation of Relevant Law

The Board of the Institute has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Institute classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In the absence of donor stipulations or law to the contrary, losses on investments of a donor restricted endowment fund reduce temporarily restricted net assets to the extent that donor imposed temporary restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining loss reduces unrestricted net assets. In accordance with UPMIFA, the Institute considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Institute and the donor restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Institute
- (7) The investment policies of the Institute

Endowment net asset composition by type of fund as of June 30, 2009 is as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	(\$441,248)	\$2,042,598	\$1,601,350
Board designated endowment funds	129,395	-	129,395
	<u>(\$311,853)</u>	<u>\$2,042,598</u>	<u>\$1,730,745</u>

ST. JOSEPH INSTITUTE FOR THE DEAF

NOTE 8 - ENDOWMENT *(Continued)*

Changes in endowment net assets for the fiscal year ended June 30, 2009 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$145,961	(\$248,140)	\$2,026,967	\$1,924,788
Investment return:				
Investment income	51,168	-	-	51,168
Realized and unrealized losses, net	(260,842)	-	(21,461)	(282,303)
Contributions	-	-	37,092	37,092
Appropriation of endowment assets for expenditures	-	-	-	-
Transfer (see Note 11)	(248,140)	248,140	-	-
Endowment assets, end of year	<u>(\$311,853)</u>	<u>-</u>	<u>\$2,042,598</u>	<u>\$1,730,745</u>

Endowment net asset composition by type of fund as of June 30, 2008 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	-	(\$248,140)	\$2,026,967	\$1,778,827
Board designated endowment funds	\$145,961	-	-	145,961
	<u>\$145,961</u>	<u>(\$248,140)</u>	<u>\$2,026,967</u>	<u>\$1,924,788</u>

ST. JOSEPH INSTITUTE FOR THE DEAF

NOTE 8 - ENDOWMENT *(Continued)*

Changes in endowment net assets for the fiscal year ended June 30, 2008 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$165,233	-	\$1,923,181	\$2,088,414
Investment return:				
Investment income	3,435	\$40,281	-	43,716
Realized and unrealized losses, net	(22,707)	(288,421)	-	(311,128)
Contributions	-	-	103,786	103,786
Appropriation of endowment assets for expenditures	-	-	-	-
Endowment assets, end of year	<u>\$145,961</u>	<u>(\$248,140)</u>	<u>\$2,026,967</u>	<u>\$1,924,788</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with the individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Institute to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$441,248 as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of endowment funds under investing guidelines deemed prudent by the Board.

Return Objectives and Risk Parameters

The Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for financial aid and operational expenses while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Institute must hold in perpetuity or for a donor specified period. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to create a total return portfolio consisting of an equity component for long term growth with maximum current return and a fixed income component for current income and preservation of principal.

ST. JOSEPH INSTITUTE FOR THE DEAF

NOTE 8 - ENDOWMENT *(Continued)*

The allocation of assets between equity and fixed income will be dependent on the expected cash flow spending needs of the Institute. If spending needs do not dictate otherwise, the de facto target fixed income allocation is 40%.

The fixed income component will be invested in high quality investment grade bonds and marketable certificates of deposit, with the primary goal of preserving principal and providing liquidity to meet the Institutes spending needs with income as a secondary objective.

The time –weighted return of the portfolio will be measured against a hypothetical balanced portfolio of its passively managed components. The equity portfolio will be measured against a blended index. The fixed income portfolio will be compared to the BarCap 1-5 Year Government Bond Index. Performance of each individual investment option will be compared to its appropriate index and peer group of similar investment objectives.

As of June 30, 2009 and 2008, \$127,804 and \$149,265, respectively, is included in the donor restricted endowment funds and represents beneficial interest in perpetual trusts. See note 5 for discussion of the investment and spending policy related to the trusts.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Institute 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). The Institute targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Institute has a policy of appropriating for distribution each year 25% of the total fund earnings from the previous 12 quarters for purposes of scholarships. This is to provide for the impact of inflation on the Fund's value over time. Fund Earnings are defined as dividends, interest, realized and unrealized gains and losses, less all fees and charges. In extraordinary emergency situations with explicit written approval of the Board of Directors and the fund trustees, the earnings on the fund in excess of the original corpus may be temporarily expended.

NOTE 9 - DEFERRED COMPENSATION PLANS

Under a service agreement effective July 1, 1993, the Institute commenced contributions to the Sisters of St. Joseph of Carondelet - St. Louis Province for the retirement needs of the Sisters. The Institute contributes 9.65% of the Sisters' paid salaries.

ST. JOSEPH INSTITUTE FOR THE DEAF

NOTE 9 - DEFERRED COMPENSATION PLANS *(Continued)*

The Institute began a tax-deferred annuity plan under Section 403(b) in 1996 which allows eligible employees to make tax-deferred contributions. The plan provides for Institute contributions of 2% of eligible employees' salaries and matching contributions up to 2% of eligible salaries.

Total retirement costs charged to operations amounted to \$107,263 in 2009 and \$105,468 in 2008.

NOTE 10 - COMMITMENTS

The Institute routinely enters into annual employment contracts with faculty.

During 2005, the Institute entered into a new lease commitment for the Indianapolis location. The lease requires monthly payments totaling \$8,015 and expires in June 2011. During 2006, the Institute entered into a new lease commitment for the Kansas City location. The monthly lease payments begin at \$8,211 and increase through the term of the lease, which expires in August 2013. The lease for the Kansas City location also requires \$240 per month common area maintenance fees.

The future minimum rental commitments required under the leases are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$204,967
2011	218,216
2012	123,159
2013	123,159
2014	10,263
	<u>\$679,764</u>

Rent expense incurred under these leases totaled \$194,704 in 2009 and \$195,094 in 2008.

NOTE 11 - ADOPTION OF NEW ACCOUNTING STANDARD

The Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) 117-1, *Endowments of Not-for-Profit Organizations*, effective for years ending after December 15, 2008. In the year of initial application of the guidance to donor restricted endowment funds, organizations are required to report resulting net asset reclassifications in a separate line item within the organization's statement of activities for that period. The transfer included in the statement of activities for the year ended June 30, 2009 represents net asset reclassifications related to the donor restricted endowment funds falling under the description of a deficiency as defined in Note 8 for the year ended June 30, 2008.

ST. JOSEPH INSTITUTE FOR THE DEAF

NOTE 12 - SUBSEQUENT EVENTS

Management Evaluation of Subsequent Events

Management has evaluated subsequent events through November 10, 2009, the date the financial statements were available to be issued. Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The financial statements may be adjusted for subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position and/or such information may be disclosed in a footnote to the financial statements. Subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after that date may be disclosed in a footnote to the financial statements.

Uniform Prudent Management of Institutional Funds Act

During 2006, the Uniform Law Commission (ULC) approved the Uniform Prudent Management of Institutional Funds Act (UPMIFA) that serves as a guideline for states to use in enacting legislation related to the UPMIFA. In response to the ULC's act, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) 117-1, *Endowments of Not-for-Profit Organizations*, effective for years ending after December 15, 2008, which requires substantial additional disclosures relating to endowments. Subsequent to year end, the State of Missouri passed legislation enacting a state version of the UPMIFA. Management is in the process of determining the additional disclosures or other accounting effects required under the state enacted legislation for the year ended June 30, 2010.

SUPPLEMENTAL INFORMATION

ST. JOSEPH INSTITUTE FOR THE DEAF

COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2009

ASSETS	Unrestricted			Temporarily Restricted				Total Temporarily Restricted	Permanently Restricted Endowment	Total
	St. Louis	Kansas City	Indianapolis	Unrestricted	St. Louis	Kansas City	Indianapolis			
CURRENT ASSETS										
Cash and cash equivalents	134,517	\$41,529	\$73,514	\$249,560	-	-	-	-	-	\$249,560
Investments	2,169,850	-	-	2,169,850	\$253,511	-	-	\$253,511	-	2,423,361
Accounts receivable	32,337	(1,441)	142,481	173,377	-	-	-	-	-	173,377
Promises to give	5,000	65,540	85,910	156,450	411,500	\$100,000	\$77,350	588,850	-	745,300
Inventory	4,917	-	-	4,917	-	-	-	-	-	4,917
Prepaid expenses and other assets	22,097	19,578	25,364	67,039	-	-	-	-	-	67,039
Due from other funds	1,363,632	-	-	1,363,632	-	14,356	170,315	184,671	\$78,117	1,626,420
TOTAL CURRENT ASSETS	3,732,350	125,206	327,269	4,184,825	665,011	114,356	247,665	1,027,032	78,117	5,289,974
PROMISES TO GIVE	-	-	-	-	-	\$0	\$4,977	4,977	-	4,977
PROPERTY AND EQUIPMENT	8,098,814	229,301	84,874	8,412,989	45,000	-	-	45,000	-	8,457,989
DEFERRED LOAN FEES	42,094	-	-	42,094	-	-	-	-	-	42,094
ASSETS RESTRICTED FOR ENDOWMENT	-	-	-	-	-	-	-	-	1,836,677	1,836,677
BENEFICIAL INTEREST IN PERPETUAL TRUSTS	-	-	-	-	-	-	-	-	-	-
	8,140,908	229,301	84,874	8,455,083	45,000	-	-	49,977	127,804	127,804
	\$11,873,258	\$354,507	\$412,143	\$12,639,908	\$710,011	\$114,356	\$252,642	\$1,077,009	\$2,042,598	\$15,759,515
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
Current maturities of long-term debt	\$172,005	-	-	\$172,005	-	-	-	-	-	\$172,005
Accounts payable	27,592	-	-	27,592	-	-	-	-	-	27,592
Accrued expenses	206,425	\$47,344	\$38,066	291,835	-	-	-	-	-	291,835
Deferred revenue	3,400	-	-	3,400	-	-	-	-	-	3,400
Due to other funds	-	987,931	518,591	1,506,522	\$119,898	-	-	\$119,898	-	1,626,420
Fair value of interest rate swap	282,186	-	-	282,186	-	-	-	-	-	282,186
TOTAL CURRENT LIABILITIES	691,608	1,035,275	556,657	2,283,540	119,898	-	-	119,898	-	2,403,438
LONG-TERM DEBT	4,608,708	-	-	4,608,708	-	-	-	-	-	4,608,708
NET ASSETS										
Unrestricted	6,572,942	(680,768)	(144,514)	5,747,660	590,113	\$114,356	\$252,642	957,111	-	5,747,660
Temporarily restricted	-	-	-	-	-	-	-	-	-	-
Permanently restricted	-	-	-	-	-	-	-	-	\$2,042,598	2,042,598
TOTAL NET ASSETS	6,572,942	(680,768)	(144,514)	5,747,660	590,113	114,356	252,642	957,111	2,042,598	8,747,369
	\$11,873,258	\$354,507	\$412,143	\$12,639,908	\$710,011	\$114,356	\$252,642	\$1,077,009	\$2,042,598	\$15,759,515

See independent auditors' report.

ST. JOSEPH INSTITUTE FOR THE DEAF

COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2008

ASSETS	Unrestricted			Temporarily Restricted				Total Temporarily Restricted	Permanently Restricted Endowment	Total
	St. Louis	Kansas City	Indianapolis	Total Unrestricted	St. Louis	Kansas City	Indianapolis			
CURRENT ASSETS										
Cash and cash equivalents	\$343,773	\$51,422	\$67,113	\$462,308	\$61,068	-	-	\$61,068	-	\$523,376
Investments	3,303,850	-	-	3,303,850	-	-	-	-	-	3,303,850
Accounts receivable	185,649	53,160	191,507	430,316	-	-	-	-	-	430,316
Promises to give	-	137,549	138,301	275,850	436,050	\$150,000	\$90,000	676,050	-	951,900
Inventory	8,215	-	-	8,215	-	-	-	-	-	8,215
Prepaid expenses and other assets	49,515	9,741	17,311	76,567	-	-	-	-	-	76,567
Due from other funds	1,401,991	-	-	1,401,991	-	12,856	252,950	265,806	-	1,667,797
TOTAL CURRENT ASSETS	5,292,993	251,872	414,232	5,959,097	497,118	162,856	342,950	1,002,924	-	6,962,021
PROMISES TO GIVE	-	-	-	-	-	95,237	58,095	153,332	-	153,332
PROPERTY AND EQUIPMENT	8,438,899	288,433	121,898	8,849,230	45,000	-	-	45,000	-	8,894,230
DEFERRED LOAN FEES	45,101	-	-	45,101	-	-	-	-	-	45,101
ASSETS RESTRICTED FOR ENDOWMENT	-	-	-	-	-	-	-	-	\$1,893,215	1,893,215
BENEFICIAL INTEREST IN PERPETUAL TRUSTS	-	-	-	-	-	-	-	-	-	-
	8,484,000	288,433	121,898	8,894,331	45,000	95,237	58,095	198,332	2,042,480	11,135,143
	\$13,776,993	\$540,305	\$536,130	\$14,853,428	\$542,118	\$258,093	\$401,045	\$1,201,256	\$2,042,480	\$18,097,164
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
Current maturities of long-term debt	\$164,190	-	-	\$164,190	-	-	-	-	-	\$164,190
Accounts payable	95,577	-	-	95,577	-	-	-	-	-	95,577
Accrued expenses	164,464	\$42,472	\$47,490	254,426	-	-	-	-	-	254,426
Deferred revenue	2,650	-	-	2,650	-	-	-	-	-	2,650
Due to other funds	-	855,852	593,792	1,449,644	\$202,640	-	-	\$202,640	\$15,513	1,667,797
Fair value of interest rate swap	123,714	-	-	123,714	-	-	-	-	-	123,714
TOTAL CURRENT LIABILITIES	550,595	898,324	641,282	2,090,201	202,640	-	-	202,640	15,513	2,308,354
LONG-TERM DEBT	4,780,513	-	-	4,780,513	-	-	-	-	-	4,780,513
NET ASSETS										
Unrestricted	8,445,885	(358,019)	(105,152)	7,982,714	-	-	-	-	-	7,982,714
Temporarily restricted	-	-	-	-	339,478	\$258,093	\$401,045	998,616	-	998,616
Permanently restricted	-	-	-	-	-	-	-	-	2,026,967	2,026,967
TOTAL NET ASSETS	8,445,885	(358,019)	(105,152)	7,982,714	339,478	258,093	401,045	998,616	2,026,967	11,008,297
	\$13,776,993	\$540,305	\$536,130	\$14,853,428	\$542,118	\$258,093	\$401,045	\$1,201,256	\$2,042,480	\$18,097,164

See independent auditors' report.

ST. JOSEPH INSTITUTE FOR THE DEAF

COMBINING STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

	Unrestricted			Temporarily Restricted				Total	Permanently Restricted Endowment	Total
	St. Louis	Kansas City	Indianapolis	Unrestricted	St. Louis	Kansas City	Indianapolis			
PROGRAM REVENUES										
Tuition	\$2,181,948	\$441,008	\$582,221	\$3,205,177	-	-	-	-	-	\$3,205,177
Tuition - financial aid	(689,008)	(102,600)	-	(791,608)	-	-	-	-	-	(791,608)
Audiology revenue	402,146	-	-	402,146	-	-	-	-	-	402,146
TOTAL PROGRAM REVENUES	1,895,086	338,408	582,221	2,815,715	-	-	-	-	-	2,815,715
EXPENSES										
Program services	3,876,210	831,725	798,693	5,506,628	-	-	-	-	-	5,506,628
Supporting activities:										
Management and general	476,508	137,495	138,847	752,850	-	-	-	-	-	752,850
Fundraising	397,283	96,335	125,731	619,349	-	-	-	-	-	619,349
TOTAL SUPPORTING ACTIVITIES	873,791	233,830	264,578	1,372,199	-	-	-	-	-	1,372,199
TOTAL EXPENSES	4,750,001	1,065,555	1,063,271	6,878,827	-	-	-	-	-	6,878,827
EXPENSES IN EXCESS OF PROGRAM REVENUES	(2,854,915)	(727,147)	(481,050)	(4,063,112)	-	-	-	-	-	(4,063,112)
SUPPORT										
United Way of Greater St. Louis	2,046	1,364	643	4,053	\$240,304	-	-	\$240,304	-	244,357
Contributions and gifts	347,285	185,860	203,529	736,674	610,037	\$6,263	\$23,232	639,532	\$37,092	1,413,298
Special events and fundraisers	529,571	67,174	65,695	662,440	-	-	-	-	-	662,440
Net assets released from restrictions	847,846	150,000	171,635	1,169,481	(847,846)	(150,000)	(171,635)	(1,169,481)	-	-
TOTAL SUPPORT	1,726,748	404,398	441,502	2,572,648	2,495	(143,737)	(148,403)	(289,645)	37,092	2,320,095
OTHER INCOME (EXPENSE)										
Interest and dividends	152,660	-	166	152,826	-	-	-	-	-	152,826
Realized and unrealized losses on investments	(783,679)	-	-	(783,679)	-	-	-	-	(21,461)	(805,140)
Rental income	129,193	-	-	129,193	-	-	-	-	-	129,193
Miscellaneous	5,190	-	20	5,210	-	-	-	-	-	5,210
TOTAL OTHER INCOME (EXPENSE)	(496,636)	-	186	(496,450)	-	-	-	-	(21,461)	(517,911)
INCREASE (DECREASE) IN NET ASSETS	(1,624,803)	(322,749)	(39,362)	(1,986,914)	2,495	(143,737)	(148,403)	(289,645)	15,631	(2,260,928)
NET ASSETS, Beginning of year	8,445,885	(358,019)	(105,152)	7,982,714	339,478	258,093	401,045	998,616	2,026,967	11,008,297
TRANSFER (see note 11)	(248,140)	-	-	(248,140)	248,140	-	-	248,140	-	-
NET ASSETS, End of year	\$6,572,942	(\$680,768)	(\$144,514)	\$5,747,660	\$590,113	\$114,356	\$252,642	\$957,111	\$2,042,598	\$8,747,369

See independent auditors' report.

ST. JOSEPH INSTITUTE FOR THE DEAF

COMBINING STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

	Unrestricted			Temporarily Restricted				Total		Permanently Restricted Endowment	Total
	St. Louis	Kansas City	Indianapolis	Unrestricted	St. Louis	Kansas City	Indianapolis	Temporarily Restricted	Temporarily Restricted		
PROGRAM REVENUES											
Tuition	\$2,064,669	\$526,433	\$496,023	\$3,087,125	-	-	-	-	-	-	\$3,087,125
Tuition - financial aid	(576,300)	(85,100)	-	(661,400)	-	-	-	-	-	-	(661,400)
AudioLOGY revenue	514,316	-	-	514,316	-	-	-	-	-	-	514,316
TOTAL PROGRAM REVENUES	2,002,685	441,333	496,023	2,940,041	-	-	-	-	-	-	2,940,041
EXPENSES											
Program services	3,787,664	872,460	868,219	5,528,343	-	-	-	-	-	-	5,528,343
Supporting activities:											
Management and general	433,291	128,446	128,972	690,709	-	-	-	-	-	-	690,709
Fundraising	447,050	64,131	135,993	647,174	-	-	-	-	-	-	647,174
TOTAL SUPPORTING ACTIVITIES	880,341	192,577	264,965	1,337,883	-	-	-	-	-	-	1,337,883
TOTAL EXPENSES	4,668,005	1,065,037	1,133,184	6,866,226	-	-	-	-	-	-	6,866,226
EXPENSES IN EXCESS OF PROGRAM REVENUES	(2,665,320)	(623,704)	(637,161)	(3,926,185)	-	-	-	-	-	-	(3,926,185)
SUPPORT											
United Way of Greater St. Louis	1,088	3,252	1,132	5,472	\$240,304	-	-	\$240,304	-	-	245,776
Contributions and gifts	689,398	156,313	190,565	1,036,276	168,002	\$105,617	\$35,582	309,201	\$103,786	-	1,449,263
Special events and fundraisers	381,874	82,689	61,175	525,738	-	-	-	-	-	-	525,738
Net assets released from restrictions	789,078	179,827	280,790	1,249,695	(789,078)	(179,827)	(280,790)	(1,249,695)	-	-	-
TOTAL SUPPORT	1,861,438	422,081	533,662	2,817,181	(380,772)	(74,210)	(245,208)	(700,190)	103,786	-	2,220,777
OTHER INCOME (EXPENSES)											
Interest and dividends	90,206	-	168	90,374	40,281	-	-	40,281	-	-	130,655
Realized and unrealized losses on investments	(604,456)	-	-	(604,456)	(282,204)	-	-	(282,204)	-	-	(886,660)
Rental income	121,595	-	-	121,595	-	-	-	-	-	-	121,595
Miscellaneous	8,232	189	30	8,451	-	-	-	-	-	-	8,451
TOTAL OTHER INCOME (EXPENSE)	(384,423)	189	198	(384,036)	(241,923)	-	-	(241,923)	-	-	(625,959)
INCREASE (DECREASE) IN NET ASSETS	(1,188,305)	(201,434)	(103,301)	(1,493,040)	(622,695)	(74,210)	(245,208)	(942,113)	103,786	-	(2,331,367)
NET ASSETS, Beginning of year	9,634,190	(156,585)	(1,851)	9,475,754	962,173	332,303	646,253	1,940,729	1,923,181	-	13,339,664
NET ASSETS, End of year	\$8,445,885	(\$358,019)	(\$105,152)	\$7,982,714	\$339,478	\$258,093	\$401,045	\$998,616	\$2,026,967	\$11,008,297	

See independent auditors' report.

ST. JOSEPH INSTITUTE FOR THE DEAF

COMBINING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2009

	Program Expenses	Management and General Expenses	Fundraising Expenses	Total
Salaries	\$3,006,678	\$491,456	\$369,072	\$3,867,206
Payroll taxes	219,624	39,200	25,749	284,573
Health, dental and other insurance	197,562	18,893	30,817	247,272
Retirement	89,086	11,694	6,483	107,263
	<u>3,512,950</u>	<u>561,243</u>	<u>432,121</u>	<u>4,506,314</u>
Amortization of bond expense	3,682	47	28	3,757
Bad debt expense	49,276	-	-	49,276
Bank fees and credit card clearing	4,078	7,441	4,584	16,103
Depreciation and amortization	438,161	4,344	2,551	445,056
Due and subscriptions	12,493	3,575	277	16,345
Employee recruitment	956	739	45	1,740
Hospitality and recognition	4,196	5,389	34,305	43,890
Insurance	65,597	689	404	66,690
Interest	182,688	2,349	1,379	186,416
Interest rate swap - unrealized loss	158,472	-	-	158,472
Maintenance - building and grounds	155,164	1,463	859	157,486
Marketing and promotion	18,128	439	12,677	31,244
Miscellaneous	936	5,724	307	6,967
Network and Internet	30,373	3,189	117	33,679
Postage	371	9,397	4,561	14,329
Professional fees	56,974	116,210	39,630	212,814
Program expense	50,221	755	5,492	56,468
Purchases for resale - audiology	163,447	-	-	163,447
Real estate taxes	23,361	-	-	23,361
Rent	194,704	-	-	194,704
Repairs to furnishings and equipment	19,537	215	126	19,878
Residential meals	33,516	-	-	33,516
Special events and fundraisers	-	-	73,695	73,695
Stationery and office supplies	18,811	17,382	2,059	38,252
Telephone	32,663	208	372	33,243
Travel and conferences	70,837	9,741	2,403	82,981
Utilities	205,036	2,311	1,357	208,704
	<u>1,993,678</u>	<u>191,607</u>	<u>187,228</u>	<u>2,372,513</u>
	<u>\$5,506,628</u>	<u>\$752,850</u>	<u>\$619,349</u>	<u>\$6,878,827</u>

ST. JOSEPH INSTITUTE FOR THE DEAF

COMBINING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2008

	Program Expenses	Management and General Expenses	Fundraising Expenses	Total
Salaries	\$2,953,700	\$416,104	\$304,309	\$3,674,113
Payroll taxes	200,791	38,766	21,565	261,122
Health, dental and other insurance	181,046	17,969	22,764	221,779
Retirement	95,063	4,602	5,803	105,468
	<u>3,430,600</u>	<u>477,441</u>	<u>354,441</u>	<u>4,262,482</u>
Amortization of bond expense	735	9	6	750
Bad debt expense	19,737	960	6,100	26,797
Bank fees and credit card clearing	7,507	7,376	6,465	21,348
Depreciation and amortization	432,100	4,270	2,562	438,932
Due and subscriptions	12,243	4,744	2,904	19,891
Employee recruitment	1,549	5,359	235	7,143
Hospitality and recognition	7,226	8,135	35,225	50,586
Insurance	67,803	694	416	68,913
Interest	176,846	2,256	1,353	180,455
Interest rate swap - unrealized loss	178,298	-	-	178,298
Maintenance - building and grounds	171,696	2,026	928	174,650
Marketing and promotion	16,605	130	27,324	44,059
Miscellaneous	554	22,321	6,560	29,435
Network and Internet	23,526	3,078	125	26,729
Postage	637	10,960	7,543	19,140
Professional fees	52,213	85,499	67,876	205,588
Program expense	81,167	1,598	29,071	111,836
Purchases for resale - audiology	221,322	-	-	221,322
Real estate taxes	42,497	-	-	42,497
Rent	195,104	-	-	195,104
Repairs to furnishings and equipment	19,112	217	172	19,501
Residential meals	29,683	-	-	29,683
Special events and fundraisers	-	-	80,113	80,113
Stationery and office supplies	22,965	16,487	3,332	42,784
Telephone	28,597	605	206	29,408
Travel and conferences	91,786	34,329	12,890	139,005
Utilities	196,235	2,215	1,327	199,777
	<u>2,097,743</u>	<u>213,268</u>	<u>292,733</u>	<u>2,603,744</u>
	<u>\$5,528,343</u>	<u>\$690,709</u>	<u>\$647,174</u>	<u>\$6,866,226</u>

ST. JOSEPH INSTITUTE FOR THE DEAF

SCHEDULE OF ST. LOUIS EXPENSES

Year Ended June 30, 2009

	Program Expenses	Management and General Expenses	Fundraising Expenses	Total
Salaries	\$2,081,227	\$381,443	\$226,846	\$2,689,516
Payroll taxes	153,829	26,010	15,469	195,308
Health, dental and other insurance	124,169	13,711	26,335	164,215
Retirement	62,855	8,790	5,425	77,070
	<u>2,422,080</u>	<u>429,954</u>	<u>274,075</u>	<u>3,126,109</u>
Administrative allocation to campuses	-	(70,000)	-	(70,000)
Amortization of bond expense	3,682	47	28	3,757
Bad debt expense	38,486	-	-	38,486
Bank fees and credit card clearing	4,053	5,601	4,094	13,748
Depreciation and amortization	337,855	4,344	2,551	344,750
Due and subscriptions	11,569	2,985	232	14,786
Employee recruitment	810	-	45	855
Hospitality and recognition	3,506	2,986	34,002	40,494
Insurance	53,550	689	404	54,643
Interest	182,688	2,349	1,379	186,416
Interest rate swap - unrealized loss	158,472	-	-	158,472
Maintenance - building and grounds	114,067	1,463	859	116,389
Marketing and promotion	16,238	-	2,460	18,698
Miscellaneous	809	2,451	307	3,567
Network and Internet	19,094	3,189	117	22,400
Postage	355	7,225	1,667	9,247
Professional fees	26,529	62,954	23,298	112,781
Program expense	31,467	648	4,020	36,135
Purchases for resale - audiology	163,447	-	-	163,447
Repairs to furnishings and equipment	18,225	215	126	18,566
Residential meals	33,516	-	-	33,516
Special events and fundraisers	-	-	43,933	43,933
Stationery and office supplies	8,505	11,447	1,510	21,462
Telephone	16,588	208	122	16,918
Travel and conferences	30,859	5,442	697	36,998
Utilities	179,760	2,311	1,357	183,428
	<u>1,454,130</u>	<u>46,554</u>	<u>123,208</u>	<u>1,623,892</u>
	<u>\$3,876,210</u>	<u>\$476,508</u>	<u>\$397,283</u>	<u>\$4,750,001</u>

ST. JOSEPH INSTITUTE FOR THE DEAF

SCHEDULE OF ST. LOUIS EXPENSES

Year Ended June 30, 2008

	Program Expenses	Management and General Expenses	Fundraising Expenses	Total
Salaries	\$1,954,332	\$319,602	\$196,168	\$2,470,102
Payroll taxes	128,997	25,157	13,684	167,838
Health, dental and other insurance	117,356	10,516	22,523	150,395
Retirement	69,972	2,692	3,881	76,545
	<u>2,270,657</u>	<u>357,967</u>	<u>236,256</u>	<u>2,864,880</u>
Administrative allocation to campuses	-	(70,000)	-	(70,000)
Amortization of bond expense	735	9	6	750
Bad debt expense	16,221	960	5,100	22,281
Bank fees and credit card clearing	7,459	3,688	4,248	15,395
Depreciation and amortization	334,782	4,270	2,562	341,614
Due and subscriptions	11,294	2,722	2,140	16,156
Employee recruitment	1,070	4,200	-	5,270
Hospitality and recognition	4,168	7,376	33,596	45,140
Insurance	54,381	694	416	55,491
Interest	176,846	2,256	1,353	180,455
Interest rate swap - unrealized loss	178,298	-	-	178,298
Maintenance - building and grounds	121,762	1,546	928	124,236
Marketing and promotion	16,173	-	3,436	19,609
Miscellaneous	462	19,344	6,320	26,126
Network and Internet	17,083	3,078	125	20,286
Postage	313	8,088	5,778	14,179
Professional fees	24,801	63,222	33,376	121,399
Program expense	46,595	928	25,744	73,267
Purchases for resale - audiology	221,322	-	-	221,322
Repairs to furnishings and equipment	18,611	217	130	18,958
Residential meals	29,683	-	-	29,683
Special events and fundraisers	-	-	72,331	72,331
Stationery and office supplies	10,759	8,116	1,494	20,369
Telephone	14,313	605	106	15,024
Travel and conferences	36,230	11,790	10,278	58,298
Utilities	173,646	2,215	1,327	177,188
	<u>1,517,007</u>	<u>75,324</u>	<u>210,794</u>	<u>1,803,125</u>
	<u>\$3,787,664</u>	<u>\$433,291</u>	<u>\$447,050</u>	<u>\$4,668,005</u>

ST. JOSEPH INSTITUTE FOR THE DEAF

SCHEDULE OF KANSAS CITY EXPENSES

Year Ended June 30, 2009

	Program Expenses	Management and General Expenses	Fundraising Expenses	Total
Salaries	\$455,877	\$40,725	\$48,314	\$544,916
Payroll taxes	32,682	4,846	3,242	40,770
Health, dental and other insurance	32,392	(1,221)	5,179	36,350
Retirement	13,044	798	420	14,262
	<u>533,995</u>	<u>45,148</u>	<u>57,155</u>	<u>636,298</u>
Administrative allocation to campuses	-	35,000	-	35,000
Bad debt expense	10,390	-	-	10,390
Bank fees and credit card clearing	25	746	393	1,164
Depreciation and amortization	59,132	-	-	59,132
Due and subscriptions	132	223	45	400
Employee recruitment	32	99	-	131
Hospitality and recognition	338	1,772	(6)	2,104
Insurance	7,482	-	-	7,482
Maintenance - building and grounds	24,677	-	-	24,677
Marketing and promotion	-	439	1,123	1,562
Miscellaneous	-	2,287	-	2,287
Network and Internet	5,243	-	-	5,243
Postage	-	841	1,594	2,435
Professional fees	7,569	47,125	16,082	70,776
Program expense	7,390	94	115	7,599
Real estate taxes	23,361	-	-	23,361
Rent	98,527	-	-	98,527
Special events and fundraisers	-	-	17,881	17,881
Stationery and office supplies	9,422	2,094	479	11,995
Telephone	8,736	-	250	8,986
Travel and conferences	24,025	1,627	1,224	26,876
Utilities	11,249	-	-	11,249
	<u>297,730</u>	<u>92,347</u>	<u>39,180</u>	<u>429,257</u>
	<u>\$831,725</u>	<u>\$137,495</u>	<u>\$96,335</u>	<u>\$1,065,555</u>

ST. JOSEPH INSTITUTE FOR THE DEAF

SCHEDULE OF KANSAS CITY EXPENSES

Year Ended June 30, 2008

	Program Expenses	Management and General Expenses	Fundraising Expenses	Total
Salaries	\$481,499	\$41,672	\$16,808	\$539,979
Payroll taxes	35,026	5,738	1,142	41,906
Health, dental and other insurance	24,851	(1,403)	1,995	25,443
Retirement	13,611	750	-	14,361
	<u>554,987</u>	<u>46,757</u>	<u>19,945</u>	<u>621,689</u>
Administrative allocation to campuses	-	35,000	-	35,000
Bad debt expense	3,516	-	1,000	4,516
Bank fees and credit card clearing	48	1,835	1,182	3,065
Depreciation and amortization	59,528	-	-	59,528
Due and subscriptions	35	543	714	1,292
Employee recruitment	187	-	70	257
Hospitality and recognition	1,591	(1,114)	173	650
Insurance	8,658	-	-	8,658
Maintenance - building and grounds	29,615	320	-	29,935
Marketing and promotion	432	130	994	1,556
Miscellaneous	92	2,831	203	3,126
Network and Internet	3,054	-	-	3,054
Postage	157	1,433	224	1,814
Professional fees	16,097	19,150	34,500	69,747
Program expense	18,011	591	-	18,602
Real estate taxes	17,539	-	-	17,539
Rent	98,527	-	-	98,527
Special events and fundraisers	-	-	3,196	3,196
Stationery and office supplies	9,947	5,059	239	15,245
Telephone	8,838	-	100	8,938
Travel and conferences	30,435	15,911	1,591	47,937
Utilities	11,166	-	-	11,166
	<u>317,473</u>	<u>81,689</u>	<u>44,186</u>	<u>443,348</u>
	<u>\$872,460</u>	<u>\$128,446</u>	<u>\$64,131</u>	<u>\$1,065,037</u>

ST. JOSEPH INSTITUTE FOR THE DEAF

SCHEDULE OF INDIANAPOLIS EXPENSES

Year Ended June 30, 2009

	Program Expenses	Management and General Expenses	Fundraising Expenses	Total
Salaries	\$469,574	\$69,288	\$93,912	\$632,774
Payroll taxes	33,113	8,344	7,038	48,495
Health, dental and other insurance	41,001	6,403	(697)	46,707
Retirement	13,187	2,106	638	15,931
	<u>556,875</u>	<u>86,141</u>	<u>100,891</u>	<u>743,907</u>
Administrative allocation to campuses	-	35,000	-	35,000
Bad debt expense	400	-	-	400
Bank fees and credit card clearing	-	1,094	97	1,191
Depreciation and amortization	41,174	-	-	41,174
Due and subscriptions	792	367	-	1,159
Employee recruitment	114	640	-	754
Hospitality and recognition	352	631	309	1,292
Insurance	4,565	-	-	4,565
Maintenance - building and grounds	16,420	-	-	16,420
Marketing and promotion	1,890	-	9,094	10,984
Miscellaneous	127	986	-	1,113
Network and Internet	6,036	-	-	6,036
Postage	16	1,331	1,300	2,647
Professional fees	22,876	6,131	250	29,257
Program expense	11,364	13	1,357	12,734
Rent	96,177	-	-	96,177
Repairs to furnishings and equipment	1,312	-	-	1,312
Special events and fundraisers	-	-	11,881	11,881
Stationery and office supplies	884	3,841	70	4,795
Telephone	7,339	-	-	7,339
Travel and conferences	15,953	2,672	482	19,107
Utilities	14,027	-	-	14,027
	<u>241,818</u>	<u>52,706</u>	<u>24,840</u>	<u>319,364</u>
	<u>\$798,693</u>	<u>\$138,847</u>	<u>\$125,731</u>	<u>\$1,063,271</u>

ST. JOSEPH INSTITUTE FOR THE DEAF

SCHEDULE OF INDIANAPOLIS EXPENSES

Year Ended June 30, 2008

	Program Expenses	Management and General Expenses	Fundraising Expenses	Total
Salaries	\$517,869	\$54,830	\$91,333	\$664,032
Payroll taxes	36,768	7,871	6,739	51,378
Health, dental and other insurance	38,839	8,856	(1,754)	45,941
Retirement	11,480	1,160	1,922	14,562
	<u>604,956</u>	<u>72,717</u>	<u>98,240</u>	<u>775,913</u>
Administrative allocation to campuses	-	35,000	-	35,000
Bad debt expense	-	-	-	-
Bank fees and credit card clearing	-	1,853	1,035	2,888
Depreciation and amortization	37,790	-	-	37,790
Due and subscriptions	914	1,479	50	2,443
Employee recruitment	292	1,159	165	1,616
Hospitality and recognition	1,467	1,873	1,456	4,796
Insurance	4,764	-	-	4,764
Maintenance - building and grounds	20,319	160	-	20,479
Marketing and promotion	-	-	22,894	22,894
Miscellaneous	-	146	37	183
Network and Internet	3,389	-	-	3,389
Postage	167	1,439	1,541	3,147
Professional fees	11,315	3,127	-	14,442
Program expense	16,561	79	3,327	19,967
Real estate taxes	24,958	-	-	24,958
Rent	96,577	-	-	96,577
Repairs to furnishings and equipment	501	-	42	543
Special events and fundraisers	-	-	4,586	4,586
Stationery and office supplies	2,259	3,312	1,599	7,170
Telephone	5,446	-	-	5,446
Travel and conferences	25,121	6,628	1,021	32,770
Utilities	11,423	-	-	11,423
	<u>263,263</u>	<u>56,255</u>	<u>37,753</u>	<u>357,271</u>
	<u>\$868,219</u>	<u>\$128,972</u>	<u>\$135,993</u>	<u>\$1,133,184</u>