

OUR FAMILY SERVICES, INC. and
OUR FAMILY SERVICES FOUNDATION, INC.

Audited Combined Financial Statements
and Supplementary Information

For the years ended June 30, 2010 and 2009

OUR FAMILY SERVICES, INC. and
OUR FAMILY SERVICES FOUNDATION, INC.

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OUR FAMILY SERVICES, INC. and
OUR FAMILY SERVICES FOUNDATION, INC.

COMBINED STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

ASSETS

	2010	2009
Current assets:		
Cash	\$ 626,000	\$ 506,386
Contracts and grants receivable	457,594	284,290
Other receivables	2,550	311
Prepaid expenses and other current assets	17,397	30,118
Total current assets	1,103,541	821,105
Property and equipment, net	917,352	904,704
Total assets	\$ 2,020,893	\$ 1,725,809

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 72,270	\$ 107,127
Accrued payroll	110,199	108,177
Other accrued expenses	56,705	41,160
Notes payable, current portion	25,550	24,827
Total current liabilities	264,724	281,291
Notes payable, non-current portion	842,922	867,655
Total liabilities	1,107,646	1,148,946
Net assets:		
Unrestricted:		
Expended for property and equipment	48,880	12,222
Available for operations	694,176	512,095
Total unrestricted net assets	743,056	524,317
Temporarily restricted	126,850	9,205
Permanently restricted	43,341	43,341
Total net assets	913,247	576,863
Total liabilities and net assets	\$ 2,020,893	\$ 1,725,809

See accompanying notes and independent auditors' report.

OUR FAMILY SERVICES, INC. and
OUR FAMILY SERVICES FOUNDATION, INC.

COMBINED STATEMENT OF ACTIVITIES
For the year ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Government contracts	\$ 3,594,270	\$ -	\$ -	\$ 3,594,270
Contributions and grants	64,093	343,643	-	407,736
Other support and revenue	108,556	-	-	108,556
Program service fees	94,739	-	-	94,739
Donated materials and services	52,619	-	-	52,619
United Way	18,387	-	-	18,387
Special events, net	14,553	-	-	14,553
Rental income	3,235	-	-	3,235
Interest income	760	45	-	805
Net assets released from restrictions	226,043	(226,043)	-	-
Total revenues, gains and other support	4,177,255	117,645	-	4,294,900
Expenses:				
Program services	3,052,974	-	-	3,052,974
Management and general	641,286	-	-	641,286
Fund-raising	264,256	-	-	264,256
Total expenses	3,958,516	-	-	3,958,516
Change in net assets	218,739	117,645	-	336,384
Net assets, beginning of year	524,317	9,205	43,341	576,863
Net assets, end of year	\$ 743,056	\$ 126,850	\$ 43,341	\$ 913,247

See accompanying notes and independent auditors' report.

OUR FAMILY SERVICES, INC. and
OUR FAMILY SERVICES FOUNDATION, INC.

COMBINED STATEMENT OF ACTIVITIES
For the year ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Government contracts	\$ 3,628,162	\$ -	\$ -	\$ 3,628,162
Contributions and grants	160,498	168,250	11,341	340,089
Donated materials and services	246,922	-	-	246,922
Program service fees	89,899	-	-	89,899
Other support and revenue	73,602	-	-	73,602
United Way	47,313	-	-	47,313
Special events, net	11,556	-	-	11,556
Interest income	3,164	2,305	-	5,469
Loss on disposal of property and equipment	(9,160)	-	-	(9,160)
Net assets released from restrictions	176,350	(176,350)	-	-
Total revenues, gains and other support	4,428,306	(5,795)	11,341	4,433,852
Expenses:				
Program services	3,493,370	-	-	3,493,370
Management and general	897,915	-	-	897,915
Fund-raising	232,693	-	-	232,693
Total expenses	4,623,978	-	-	4,623,978
Change in net assets	(195,672)	(5,795)	11,341	(190,126)
Net assets, beginning of year	719,989	15,000	32,000	766,989
Net assets, end of year	\$ 524,317	\$ 9,205	\$ 43,341	\$ 576,863

See accompanying notes and independent auditors' report.

OUR FAMILY SERVICES, INC. and
OUR FAMILY SERVICES FOUNDATION, INC.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2010

	Program Services					Total		
	Counseling Services	Community Services	Teens in Transition	SODA	Program Services		Management and General	Fund-raising
Contract employees	\$ 392,145	\$ 269,783	\$ 693,565	\$ 466,857	\$ 1,822,350	\$ 460,234	\$ 194,713	\$ 2,477,297
Payments to subrecipients	-	10,208	251,791	-	261,999	-	-	261,999
Volunteer expenses	-	-	-	164,732	164,732	-	-	164,732
Outside services	18,277	30,316	24,333	15,043	87,969	69,191	5,617	162,777
Rent - facilities	-	6,397	151,829	3,168	161,394	-	-	161,394
Depreciation	25,686	6,326	22,107	10,594	64,713	16,949	7,117	88,779
Telephone	17,574	11,749	22,641	12,795	64,759	12,846	6,400	84,005
Program supplies	6,603	8,995	55,613	3,833	75,044	21	-	75,065
Travel and auto	16,492	12,796	20,733	16,430	66,451	6,522	184	73,157
Interest	15,955	7,443	11,396	7,314	42,108	14,838	3,217	60,163
Insurance	14,720	6,778	16,981	6,481	44,960	5,549	5,128	55,637
Repairs and maintenance	8,563	4,244	13,102	3,002	28,911	18,062	2,455	49,428
Donated materials and services	-	820	13,104	9,000	22,924	-	26,410	49,334
Utilities	5,274	5,410	20,994	2,007	33,685	4,694	2,149	40,528
Rent - equipment	8,762	4,311	10,877	4,405	28,355	7,798	3,329	39,482
Dues and fees	3,479	3,424	7,124	3,236	17,263	3,889	1,362	22,514
Printing	44	12,376	221	1,240	13,881	3,247	171	17,299
Office supplies	1,710	778	3,272	1,864	7,624	6,438	335	14,397
Food	-	-	12,551	-	12,551	-	-	12,551
Training and conferences	363	3,304	3,184	1,167	8,018	2,332	337	10,687
Bad debt	1,703	370	6,235	477	8,785	-	-	8,785
Bank charges	1,197	896	2,451	1,358	5,902	771	367	7,040
Client services	25	445	1,719	-	2,189	-	4,226	6,415
Miscellaneous	-	808	286	1,349	2,443	3,350	-	5,793
Postage	1,301	533	143	1,068	3,045	1,676	517	5,238
Advertising and promotion	-	-	100	-	100	2,125	162	2,387
Recruitment	225	234	198	162	819	754	60	1,633
Total	\$ 540,098	\$ 408,744	\$ 1,366,550	\$ 737,582	\$ 3,052,974	\$ 641,286	\$ 264,256	\$ 3,958,516

See accompanying notes and independent auditors' report.

OUR FAMILY SERVICES, INC. and
OUR FAMILY SERVICES FOUNDATION, INC.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2009

	Program Services						Total	
	Counseling Services	Community Services	Teens in Transition	SODA	Program Services	Management and General		Fund-raising
Contract employees	\$ 494,734	\$ 349,345	\$ 786,711	\$ 447,347	\$ 2,078,137	\$ 550,194	\$ 183,222	\$ 2,811,553
Payments to subrecipients	-	2,026	312,854	-	314,880	-	-	314,880
Donated materials and services	200	82,000	10,224	1,270	93,694	153,228	-	246,922
Volunteer expenses	324	99	162	178,273	178,858	3,542	14	182,414
Outside services	25,165	21,965	31,962	15,263	94,355	58,564	4,496	157,415
Rent - facilities	853	5,040	117,403	-	123,296	-	-	123,296
Program supplies	27,394	18,217	45,240	3,111	93,962	-	1,861	95,823
Telephone	17,086	16,109	14,081	15,162	62,438	16,019	4,776	83,233
Depreciation	24,844	5,797	18,218	9,938	58,797	17,390	6,624	82,811
Repairs and maintenance	15,961	19,256	12,510	6,226	53,952	13,690	5,746	73,388
Travel and auto	17,483	7,046	23,192	14,150	61,871	2,797	2,297	66,965
Interest	18,960	4,674	14,577	6,946	45,157	11,982	4,993	62,112
Insurance	17,379	4,194	13,494	6,354	41,421	11,834	4,430	57,685
Utilities	8,737	7,076	21,684	4,296	41,793	5,443	2,444	49,680
Dues and fees	5,434	2,412	9,615	3,740	21,201	15,620	3,098	39,919
Printing	266	28,162	627	1,033	30,088	2,383	480	32,951
Rent - equipment	8,933	2,810	7,890	3,769	23,402	6,872	2,179	32,453
Bank charges	1,212	2,269	1,649	766	5,896	12,478	368	18,742
Bad debt	3,256	-	11,434	2,882	17,572	25	-	17,597
Food	814	23	15,185	-	16,022	45	-	16,067
Office supplies	3,971	1,029	4,980	2,628	12,608	2,501	623	15,732
Training and conferences	1,303	893	3,913	564	6,673	4,496	1,180	12,349
Postage	1,813	1,286	463	1,303	4,865	2,588	559	8,012
Recruitment	2,297	767	1,462	1,196	5,722	1,507	389	7,618
Advertising and promotion	49	197	-	-	246	4,052	2,874	7,172
Client services	1,924	3,940	600	-	6,464	-	-	6,464
Miscellaneous	-	-	-	-	-	685	40	725
	\$ 700,392	\$ 586,631	\$ 1,480,130	\$ 726,217	\$ 3,493,370	\$ 897,915	\$ 232,693	\$ 4,623,978

See accompanying notes and independent auditors' report.

OUR FAMILY SERVICES, INC. and
OUR FAMILY SERVICES FOUNDATION, INC.

COMBINED STATEMENTS OF CASH FLOWS
For the years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ 336,384	\$ (190,126)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	88,779	82,811
Loss on disposal of property and equipment	-	9,160
Donated property and equipment	(3,285)	-
Changes in operating assets and liabilities:		
Contracts and grants receivable	(173,304)	74,350
Other receivables	(2,239)	1,549
Prepaid expenses and other current assets	12,721	2,476
Accounts payable	(34,857)	(15,484)
Accrued payroll	2,022	(19,254)
Other accrued expenses	15,545	18,738
Total adjustments	(94,618)	154,346
Net cash provided by (used in) operating activities	241,766	(35,780)
Cash flows from investing activities:		
Purchases of property and equipment	(98,142)	(111,063)
Net cash used in investing activities	(98,142)	(111,063)
Cash flows from financing activities:		
Advances on notes payable	-	97,775
Principal repayments on notes payable	(24,010)	(18,507)
Net cash (used in) provided by financing activities	(24,010)	79,268
Change in cash	119,614	(67,575)
Cash, beginning of year	506,386	573,961
Cash, end of year	\$ 626,000	\$ 506,386
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 60,163	\$ 62,112
Donated property and equipment	\$ 3,285	\$ -
Consolidation and refinance of notes payable	\$ -	\$ 813,214

See accompanying notes and independent auditors' report.

OUR FAMILY SERVICES, INC. and
OUR FAMILY SERVICES FOUNDATION, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Organization

Our Family Services, Inc. (Our Family) helped more than 40,000 people in Southern Arizona in 2009-2010 through mediation, counseling, education, case management, housing, and information and referral.

Our Family helps runaway and homeless youth come off the streets and helps neighbors work through their conflicts instead of taking legal action. Our Family helps some of Tucson's highest-risk children learn to read and helps troubled families cope with addiction. Our Family helps people learn to be better parents and build stronger families. Our Family helps older and disabled people live safely and with dignity in their own homes.

Created through the 2005 merger of Family Counseling Agency and OUR TOWN, Our Family is accredited by the Council on Accreditation of Services for Families and Children Inc. and licensed as a behavioral healthcare institution by the Arizona Department of Health Services. Our Family has nearly 100 employees and an active corps of volunteers.

Our Family Services Foundation, Inc. (Foundation), incorporated pursuant to the laws of the State of Arizona, was formed in 1996 to raise contributions for Our Family Services, Inc. The financial statements of Our Family Services Foundation, Inc. have been combined with Our Family Services, Inc.

2. Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The combined financial statements of Our Family and the Foundation (collectively referred to as the Organization) have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. Revenue is recognized when earned and expenses when incurred.

Principles of Combination

The combined financial statements include the accounts of Our Family and the Foundation. All significant inter-organization accounts and transactions have been eliminated.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization had \$126,850 and \$9,205 in temporarily restricted net assets at June 30, 2010 and 2009, respectively.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization had \$43,341 in permanently restricted net assets at June 30, 2010 and 2009.

OUR FAMILY SERVICES, INC. and
OUR FAMILY SERVICES FOUNDATION, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, Continued

Public Support and Revenue

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Grants and other contributions of cash and other assets are reported as temporarily 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. Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Cash

For purposes of the statement of cash flows, the Organization considers all unrestricted cash and highly liquid investments with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2010 and 2009. Cash balances are maintained at various financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures interest-bearing cash accounts at banks up to \$250,000 per institution. Non interest-bearing cash accounts are fully insured through the FDIC's Transaction Account Guarantee Program. At June 30, 2010 and 2009, the Organization had \$-0- and \$2,098 of uninsured cash balances.

Property and Equipment

Property and equipment is stated at cost or fair market value if donated. The costs of maintenance, repairs and minor renewals are charged to expense in the year incurred. When items are retired or disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

Property and equipment with an expected useful life of more than one year and an acquisition cost of \$500 or more per unit are capitalized and depreciated over the expected useful lives of the assets using the straight-line method of depreciation. All other equipment is expensed in the period it is acquired. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Buildings and improvements	7-40 years
Furniture and equipment	3-7 years
Vehicles	5 years

Functional Expenses

The Organization allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by other reasonable methods.

Income Taxes

Our Family and the Foundation are exempt from income taxes under both Federal (Internal Revenue Code Section 501(c)(3)) and Arizona income tax laws and are both classified as other than a private foundation under IRC Section 509(a)(1).

OUR FAMILY SERVICES, INC. and
OUR FAMILY SERVICES FOUNDATION, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, Continued

Income Taxes, continued

Effective January 1, 2009, the Organization adopted FASB ASC 740. The Organization's policy is to disclose or recognize income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax positions. As of June 30, 2010 and 2009, management is not aware of any uncertain tax positions that are potentially material.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising Costs

The cost of advertising is expensed when incurred or when the first advertising takes place. The Organization does not participate in direct-response advertising, which requires the capitalization and amortization of related costs.

3. Contracts and Grants Receivable

At June 30, 2010 and 2009, contracts and grants receivable consisted of:

	2010	2009
Arizona Department of Economic Security	\$ 110,612	\$ 56,893
Pima Health Systems	74,357	39,557
Pima County	62,259	24,976
Corporation for National and Community Services	18,831	47,642
United Way	11,126	11,250
Other contracts and grants receivable	180,409	103,972
Total contracts and grants receivable	\$ 457,594	\$ 284,290

Our Family uses the allowance method to account for uncollectible contracts and grants receivable. At June 30, 2010 and 2009, the balance of contracts and grants receivable included \$10,398 and \$8,566, respectively, of amounts over ninety days past due. Management believes all contracts and grants receivable are collectible and therefore, the allowance for uncollectible accounts was \$-0- at June 30, 2010 and 2009.

4. Property and Equipment

At June 30, 2010 and 2009, property and equipment consisted of:

	2010	2009
Land	\$ 128,000	\$ 128,000
Buildings and improvements	1,035,393	969,348
Furniture and equipment	314,038	308,459
Vehicles	20,357	15,559
Total property and equipment	1,497,788	1,421,366
Less accumulated depreciation	(580,436)	(516,662)
Property and equipment, net	\$ 917,352	\$ 904,704

OUR FAMILY SERVICES, INC. and
OUR FAMILY SERVICES FOUNDATION, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

5. Line of Credit

Our Family has a \$250,000 line of credit that bears interest at the bank's prime rate plus 1.5% and is collateralized by contracts and grants receivable and equipment (the prime rate was 3.25% at June 30, 2010 and 2009). The entire unpaid principal balance plus accrued interest is due January 31, 2011. The outstanding balance at June 30, 2010 and 2009 was \$-0-. The line of credit is subject to certain financial covenants. At June 30, 2010, Our Family was in compliance with the required financial covenant to maintain a debt service coverage greater than 1.10 to 1.00.

6. Notes Payable

At June 30, 2010 and 2009, notes payable consisted of:

	2010	2009
Note payable to a bank requiring monthly payments of \$6,896, including interest at 6.858% until September 2018, at which time a balloon payment of \$601,971 is due; collateralized by real property.	\$ 852,827	\$ 875,415
Note payable to the City of Tucson requiring annual interest-only payments of \$1,422 until August 2020; collateralized by real property.	15,645	17,067
Total notes payable	868,472	892,482
Less current portion	(25,550)	(24,827)
Notes payable, non-current portion	\$ 842,922	\$ 867,655

Maturities of the notes payable are:

For the year ended <u>June 30,</u>		
2011	\$	25,550
2012		27,125
2013		29,127
2014		31,116
2015		33,248
Thereafter		722,306
	\$	868,472

7. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2010 and 2009 are available for the following purposes:

	2010	2009
Community Services	\$ 109,500	\$ 2,900
Senior Companion	15,000	4,000
Other	2,350	2,305
	\$ 126,850	\$ 9,205

OUR FAMILY SERVICES, INC. and
OUR FAMILY SERVICES FOUNDATION, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

8. Permanently Restricted Net Assets

The Organization's endowment includes donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the state of Arizona as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization 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, if any, 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 accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes of the donor-restricted endowment funds, (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 Organization and (7) the Organization's investment policies. The Organization has no intentions to appropriate donor-restricted endowment funds and, accordingly, has not formalized investment return objectives or a donor-restricted endowment spending policy.

Endowment net asset compositions by type of fund as of June 30, 2010 and 2009 consist of:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 43,341	\$ 43,341

Changes in donor-designated endowment net assets during the year ended June 30, 2010 were:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 2,305	\$ 43,341	\$ 45,646
Interest income	-	45	-	45
Endowment net assets, end of year	\$ -	\$ 2,350	\$ 43,341	\$ 45,691

Changes in donor-designated endowment net assets during the year ended June 30, 2009 were:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 32,000	\$ 32,000
Contributions	-	-	11,341	11,341
Interest income	-	2,305	-	2,305
Endowment net assets, end of year	\$ -	\$ 2,305	\$ 43,341	\$ 45,646

OUR FAMILY SERVICES, INC. and
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NOTES TO COMBINED FINANCIAL STATEMENTS

9. Special Events

Special event activities for the year ended June 30, 2010 consisted of:

	Revenue	Expenses	Net Revenue
Online Auction	\$ 16,014	\$ 1,461	\$ 14,553

Special event activities for the year ended June 30, 2009 consisted of:

	Revenue	Expenses	Net Revenue
Online Auction	\$ 12,863	\$ 1,307	\$ 11,556

10. Retirement Plan

The Organization has a 403(b) Thrift Plan (Plan) that allows eligible employees to defer pretax annual compensation up to certain limitations imposed by the Internal Revenue Service (IRS). The Organization may also make matching contributions to the Plan. The Organization's matching contribution for the years ended June 30, 2010 and 2009 were \$21,626 and \$25,414, respectively.

11. Commitments

Our Family, as lessor, entered into a memorandum of agreement with a nonprofit organization who they lease office space to on a month-to-month basis. The first payment of \$3,235, including facility rent and allocated labor costs, was due June 7, 2010. Total rental income under this agreement for the year ended June 30, 2010 was \$3,235.

Our Family, as lessee, leases office space and office equipment for its operations under non-cancelable operating leases. Rent expense during the years ended June 30, 2010 and 2009 was \$200,876 and \$155,749, respectively.

Minimum annual future rental expense as of June 30, 2010, due under these agreements is:

For the year ended <u>June 30,</u>	
2011	\$ 18,912
2012	18,912
2013	18,912
2014	3,152
	\$ 59,888

12. Subsequent Events

During August 2010, the Organization received a partial distribution from a revocable trust in the amount of \$124,889. The distribution was transferred to a third party to establish a perpetual endowment to assist homeless teens who are in need of shelter, medicine, food, clothing and transportation.

The Organization was unaware of any additional subsequent events as of October 13, 2010, the date the financial statements were available to be issued.