

DETROIT HISTORICAL SOCIETY
(A Michigan Non-Profit Corporation)

FINANCIAL STATEMENTS

June 30, 2010 and 2009

**George Johnson
& Company**

DETROIT HISTORICAL SOCIETY
(A Michigan Non-Profit Corporation)

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INDEPENDENT AUDITORS' REPORT

September 16, 2010

To the Board of Trustees
Detroit Historical Society
Detroit, Michigan

We have audited the accompanying statements of financial position of the Detroit Historical Society (the "Society," a Michigan non-profit Corporation) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Society'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 audit 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 Society's internal control over financial reporting. Accordingly, we express no such opinion. 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 aforementioned financial statements present fairly, in all material respects, the financial position of the Detroit Historical Society as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.


CERTIFIED PUBLIC ACCOUNTANTS

DETROIT HISTORICAL SOCIETY
(A Michigan Non-Profit Corporation)

STATEMENTS OF FINANCIAL POSITION

June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 333,937	\$ 303,310
Investments, at fair value (Notes A and E)	3,881,665	3,307,550
Contributions receivable (no allowance considered necessary) (Note D)	1,153,099	139,997
Accounts receivable (no allowance considered necessary)	2,431	86,599
Inventories (Note A)	36,952	17,172
Property and equipment (net of accumulated depreciation of \$282,443 and \$266,890 in 2010 and 2009, respectively) (Note A)	29,237	44,790
Other assets	11,235	5,999
Total Assets	<u><u>\$ 5,448,556</u></u>	<u><u>\$ 3,905,417</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 61,480	\$ 66,673
Deferred revenue	-0-	9,000
Total Liabilities	<u><u>61,480</u></u>	<u><u>75,673</u></u>
Net Assets:		
Unrestricted	4,169,336	3,495,959
Temporarily restricted (Note B)	1,097,847	213,892
Permanently restricted (Note C)	119,893	119,893
Total Net Assets	<u><u>5,387,076</u></u>	<u><u>3,829,744</u></u>
Total Liabilities and Net Assets	<u><u>\$ 5,448,556</u></u>	<u><u>\$ 3,905,417</u></u>

See notes to financial statements.

DETROIT HISTORICAL SOCIETY
(A Michigan Non-Profit Corporation)

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Changes in Unrestricted Net Assets:		
Revenue:		
Contributions	\$ 2,621,824	\$ 2,320,589
Admissions and other revenue	409,390	366,320
Income on long-term investments	86,924	111,494
Other investment income	34	6,722
	<u>3,118,172</u>	<u>2,805,125</u>
Net assets released from restrictions (Note B)	42,921	44,031
	<u>3,161,093</u>	<u>2,849,156</u>
Total Unrestricted Revenue and Other Support		
Expenses (Note D):		
Program services:		
Programs and exhibits	464,079	537,451
Museum operations	815,481	887,547
Program marketing	489,460	335,716
Education and curators	253,267	215,460
Volunteers	41,243	38,669
	<u>2,063,530</u>	<u>2,014,843</u>
Total Program Services		
Supporting services:		
Development	493,653	496,608
General and administrative	207,816	232,814
	<u>701,469</u>	<u>729,422</u>
Total Supporting Services		
	<u>2,764,999</u>	<u>2,744,265</u>
Total Expenses		
	<u>396,094</u>	<u>104,891</u>
Net Increase in Unrestricted Net Assets Before Gains and Losses		
Gains and losses:		
Net realized and unrealized gains (losses) on investments	277,283	(656,529)
	<u>673,377</u>	<u>(551,638)</u>
Net Increase (Decrease) in Unrestricted Net Assets		
	<u>\$ 673,377</u>	<u>\$ (551,638)</u>

See notes to financial statements.

DETROIT HISTORICAL SOCIETY
(A Michigan Non-Profit Corporation)

STATEMENTS OF ACTIVITIES (CONTINUED)

For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Changes in Temporarily Restricted Net Assets:		
Contributions	\$ 926,876	\$ 27,437
Net assets released from restrictions (Note B)	<u>(42,921)</u>	<u>(44,031)</u>
Net Increase (Decrease) in Temporarily Restricted Net Assets	<u>883,955</u>	<u>(16,594)</u>
Net Increase (Decrease) in Net Assets	1,557,332	(568,232)
Net Assets, Beginning of Year	<u>3,829,744</u>	<u>4,397,976</u>
Net Assets, End of Year	<u>\$ 5,387,076</u>	<u>\$ 3,829,744</u>

See notes to financial statements.

DETROIT HISTORICAL SOCIETY
(A Michigan Non-Profit Corporation)

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Net increase (decrease) in net assets	\$ 1,557,332	\$ (568,232)
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	15,553	14,793
Net realized and unrealized (gains) losses on investments	(277,283)	656,529
(Increase) decrease in:		
Contributions receivable	(1,013,102)	49,560
Accounts receivable	84,168	(12,999)
Inventories	(19,780)	6,850
Other assets	(5,236)	4,634
Increase (decrease) in:		
Accounts payable	(5,193)	(22,217)
Deferred revenue	(9,000)	(15,600)
	<u>327,459</u>	<u>113,318</u>
Net Cash Provided by Operating Activities	327,459	113,318
Cash Flows from Investing Activities:		
Acquisition of property and equipment	-0-	(18,815)
Acquisition of investments	(1,815,857)	(4,098,152)
Proceeds from sales of investments	1,519,025	3,586,892
	<u>(296,832)</u>	<u>(530,075)</u>
Net Cash Provided (Used) by Investing Activities	(296,832)	(530,075)
Net Increase (Decrease) in Cash and Cash Equivalents	30,627	(416,757)
Cash and Cash Equivalents Balance, Beginning of Year	<u>303,310</u>	<u>720,067</u>
Cash and Cash Equivalents Balance, End of Year	<u>\$ 333,937</u>	<u>\$ 303,310</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Detroit Historical Society (the “Society”) is an independent, Michigan non-profit Corporation whose purpose is to educate and inspire its community and visitors by preserving and portraying the region’s shared history through dynamic exhibits and experiences. Under an agreement with the City of Detroit (the “City”), the Society manages the daily operations of the Detroit Historical Museum, its gift shop, the Dossin Great Lakes Museum, and the Collections Resource Center. The City contributed \$450,000 and \$500,000 towards operational expenses for the years ended June 30, 2010 and 2009, respectively.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, which includes recognition of revenue when earned and expenses when incurred.

Basis of Presentation

The Society 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.

Implementation of *FASB Accounting Standards Codification*TM

In June 2009, the Financial Accounting Standards Board (“FASB”) approved the implementation of the *FASB Accounting Standards Codification*TM (“ASC”) as the single source of authoritative nongovernmental accounting principles generally accepted in the United States of America (“GAAP”). The ASC reorganizes current GAAP into a topical format that eliminates the GAAP hierarchy that previously existed and establishes two levels of guidance: authoritative and non-authoritative. All accounting literature, other than accounting literature that has been “grandfathered” or that relates to public entities under the jurisdiction of the Securities and Exchange Commission, that is not included in the ASC is now considered to be non-authoritative. Rather than changing GAAP, the intent of the ASC is to reduce the time and effort it takes for users to research accounting questions and to improve the usability of current accounting standards. The ASC is effective for periods ending after September 15, 2009. The adoption the ASC had no material impact on the Society’s financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2010 and 2009

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Society 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 a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

The Society reports gifts of property 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 Society reports the expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Inventories

Inventories are stated at the lower of cost (determined by the retail inventory method) or market.

Property and Equipment

Property and equipment purchased by the Society for its own use is recorded at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets, which range from three to five years. The Society capitalizes all expenditures for property and equipment in excess of \$1,000.

Investments

Investments are stated at fair value as of June 30, 2010 and 2009, based on quoted market prices. Realized gains and losses represent the difference between the proceeds received and the cost of investments sold. Unrealized gains and losses represent the change in the fair value of investments during each year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2010 and 2009

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Facilities

The Society has an arrangement with the City under which the City provides the Society with facilities at no charge. Management estimates the fair value of the use of these facilities to be approximately \$218,900 per year for the years ended June 30, 2010 and 2009; these values have been included in the accompanying statements of activities.

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 affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

The Society uses fair value measurements in the preparation of its financial statements, which utilize various inputs, including those that can be readily observed, corroborated, or are generally unobservable. The Society utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Society applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

The measurement of fair value includes a hierarchy based on the quality of inputs used to measure fair value. Financial assets and liabilities are categorized into this three-level fair value hierarchy, based on the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The various levels of the fair value hierarchy are described as follows:

- Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the Society has the ability to access

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2010 and 2009

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued)

- Level 2 - Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability
- Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

The use of observable market data, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Advertising

The Society's advertising costs are expensed as incurred. Advertising expenses totaled \$13,495 and \$24,300 for the years ended June 30, 2010 and 2009, respectively. In addition, the Society received donated advertising totaling \$197,000 for the year ended June 30, 2010.

Cash Equivalents

For purposes of the statements of cash flows, the Society considers all short-term securities purchased with original maturities of three months or less to be cash equivalents.

Tax-Exempt Status

The Society is organized under section 501(c)(3) of the Internal Revenue Code ("IRC") and has received a determination of its tax-exempt status from the Internal Revenue Service as a publicly supported organization under IRC section 509(a)(2).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2010 and 2009

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax-Exempt Status (continued)

The FASB has issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," which is now primarily incorporated in ASC 740-10. This standard clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Society has adopted the provisions of this standard effective July 1, 2009. Since the Society does not have any unrecognized tax benefits, the adoption of this standard did not impact the Society's financial statements for the year ending June 30, 2010.

Concentration of Credit Risk

Financial instruments which potentially subject the Society to concentrations of credit risk consist principally of cash, cash equivalents, contributions and accounts receivable, and investments.

The Society's cash and cash equivalents are located in one institution; the amount on deposit in this institution exceeds the \$250,000 federally insured amount. Contributions and accounts receivable are due from various entities in southeastern Michigan. As discussed in Note E, investments are diversified among various registered investment companies and short-term funds.

Subsequent Events

The Society has evaluated subsequent events through September 16, 2010, the date that the accompanying financial statements were available to be issued.

DETROIT HISTORICAL SOCIETY
(A Michigan Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2010 and 2009

NOTE B - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2010</u>	<u>2009</u>
Restricted for program activities or projects:		
Bank One Plaza construction and ongoing maintenance	\$ 68,172	\$ 73,942
Historic Fort Wayne	13,457	14,153
Community outreach and education programs	77,711	80,202
Dossin Great Lakes Museum	724	724
Other programs	<u>47,019</u>	<u>44,871</u>
	207,083	213,892
Multi-year pledged contributions to be received and used in future periods	<u>890,764</u>	<u>-0-</u>
	<u>\$ 1,097,847</u>	<u>\$ 213,892</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, or by occurrence of other events specified by donors, as follows:

	<u>2010</u>	<u>2009</u>
Purpose restrictions accomplished for the following programs or projects:		
Bank One Plaza construction and ongoing maintenance	\$ 5,770	\$ 12,125
Historic Fort Wayne	696	537
Community outreach and education programs	25,890	15,617
Dossin Great Lakes Museum	10,565	15,153
Other programs	<u>-0-</u>	<u>599</u>
	<u>\$ 42,921</u>	<u>\$ 44,031</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2010 and 2009

NOTE C - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of investments to be held in perpetuity. The income may be used to support various activities, as detailed in the following schedule, which displays the composition of permanently restricted net assets as of June 30, 2010 and 2009.

<u>Donors</u>	<u>Activities That May Be Supported by Related Income</u>	<u>Permanently Restricted Net Asset Balance</u>	
		<u>2010</u>	<u>2009</u>
Solan Weeks	Registration fees for educational workshops	\$ 4,044	\$ 4,044
Charles and Katherine Hagler	Discretionary fund of the Museum Director	99,914	99,914
Society Trustees and others	Short-term exhibits	11,805	11,805
Other	Any activities of the Society	4,130	4,130
		<u>\$ 119,893</u>	<u>\$ 119,893</u>

NOTE D - CONTRIBUTIONS RECEIVABLE

Included in contributions receivable are the following unconditional promises to give as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Amounts due in:		
Less than one year	\$ 323,175	\$ 139,997
One to five years	890,764	-0-
	1,213,939	139,997
Less: Unamortized discount (at 3.25 percent)	(60,840)	-0-
	<u>\$ 1,153,099</u>	<u>\$ 139,997</u>

DETROIT HISTORICAL SOCIETY
(A Michigan Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2010 and 2009

NOTE D - CONTRIBUTIONS RECEIVABLE (CONTINUED)

Changes in the contributions receivable balance during the year include pledges paid off early, interest recognized for the year, and changes in pledge due dates.

Conditional promises to receive are recognized when the conditions on which they depend are substantially met. The Society has no conditional promises to receive as of June 30, 2010.

NOTE E – INVESTMENTS AND FAIR VALUE

The Society's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2010 and 2009 is summarized as follows:

	<u>Fair Value Measurements</u>			
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
2010				
Assets:				
Investments at fair value:				
Short-term investment fund	\$ 268,331	\$ -0-	\$ -0-	\$ 268,331
Registered investment companies:				
Equity funds	2,351,438			2,351,438
Fixed income funds	1,261,896			1,261,896
	<u>3,881,665</u>	<u>-0-</u>	<u>-0-</u>	<u>3,881,665</u>
Total Investments				
	<u>333,937</u>			<u>333,937</u>
Cash and cash equivalents				
	<u>\$ 4,215,602</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,215,602</u>

DETROIT HISTORICAL SOCIETY
(A Michigan Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2010 and 2009

NOTE E – INVESTMENTS AND FAIR VALUE (CONTINUED)

	<u>Fair Value Measurements</u>			<u>Total</u>
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
2009				
Assets:				
Investments at fair value:				
Short-term investment fund	\$ 452,211	\$ -0-	\$ -0-	\$ 452,211
Registered investment companies:				
Equity funds	1,721,797			1,721,797
Fixed income funds	1,133,542			1,133,542
Total Investments	3,307,550	-0-	-0-	3,307,550
Cash and cash equivalents	303,310			303,310
	<u>\$ 3,610,860</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,610,860</u>

The Society maintains its investments in two trust accounts. Investment gains and losses (realized and unrealized), interest income, and dividends are recorded as operating revenue.

NOTE F - PENSION PLAN

The Society provides pension benefits for eligible full-time employees through a defined contribution plan. Employees are generally eligible to participate at age 21 and after completing one year of employment. Through January 31, 2009, the Society contributed five percent of each eligible employee's base salary; effective February 1, 2009, the Society contributes .5 percent of each eligible employee's base salary. Pension expense was \$3,320 and \$20,826 for the years ended June 30, 2010 and 2009, respectively. Contributions are fully vested after three years of employee service.

NOTE G - LINE OF CREDIT

The Society has a \$500,000 line of credit, with interest at the bank's prime rate plus .8 percent. (The prime rate as of June 30, 2010 was 3.25 percent.) There was no outstanding balance on this line of credit as of June 30, 2010 and 2009.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2010 and 2009

NOTE H - ENDOWMENT FUND

The Society established the Detroit Historical Society Endowment Fund (the “Endowment Fund”) as a component fund of the Community Foundation for Southeast Michigan (the “Foundation”). The Endowment Fund is an asset of the Foundation intended solely for the use of the Society. The Foundation transfers earnings on the Endowment Fund to the Society periodically in the form of grants so long as the Society continues to meet its tax-exempt purpose. Grants paid to the Society from the Foundation for the years ended June 30, 2010 and 2009 totaled \$73,098 and \$77,371, respectively.

Since the Endowment Fund has been funded entirely by contributions from outside donors, this fund is not recorded on the statements of financial position of the Society. The fair value of the Endowment Fund as of June 30, 2010 and 2009 is \$1,339,007 and \$1,264,870, respectively.

The Society adopted the endowment fund disclosure provisions contained in FASB Staff Position (“FSP”) No. FAS 117-1, “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures of All Endowments Funds,” which is now incorporated in ASC 958, effective July 1, 2008. This FSP also provides guidance on the net asset classification of donor-restricted endowment funds for non-profit organizations that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”). The State of Michigan has enacted the provisions of UPMIFA effective September 10, 2009. As such, the Society has adopted the net asset classification requirements of this standard as July 1, 2009. The adoption of these requirements did not impact the Society’s financial statements for the year ended June 30, 2010.

The Society’s policy is to spend assets from the Endowment Fund as they are distributed by the Foundation. The Foundation invests the assets of the Endowment Fund as part of a pooled endowment with similar funds held on behalf of other non-profit organizations. The assets of the Foundation’s pooled endowment are invested in a manner intended to maximize investment returns over a diversified portfolio in order to achieve a moderate level of investment risk.

DETROIT HISTORICAL SOCIETY
(A Michigan Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2010 and 2009

NOTE I - FUNCTIONAL EXPENSES

Expenses incurred by the Society for the year ended June 30, 2010, with summarized comparative totals for the year ended June 30, 2009, are as follows:

	2010										Total Expenses
	Program Services					Supporting Services					
	Programs and Exhibits	Museum Operations	Program Marketing	Education and Curators	Volunteers	Total Program Services	Development	General and Administrative	Total Supporting Services	2010	
Salaries and benefits	\$ 238,808	\$ 296,329	\$ 152,346	\$ 177,541	\$ 25,123	\$ 890,147	\$ 251,415	\$ 114,371	\$ 365,786	\$ 1,255,933	\$ 1,178,563
Professional fees and contractual services	132,480	40,429	248,275	30,080	6,735	457,999	117,123	24,971	142,094	600,093	603,358
Supplies	11,795	14,190	3,504	3,673	2,696	35,858	10,197	19,184	29,381	65,239	64,677
Printing and publications	13,323	1,986	43,015	1,235	355	59,914	42,934	2,159	45,093	105,007	92,076
Postage	3,235	4,154	8,011	372	986	16,758	15,550	419	15,969	32,727	34,842
Conferences		761	425	818		2,004	510	1,954	2,464	4,468	2,509
Repairs and maintenance	5,145	99,556	1,419	2,077	234	108,431	2,341	1,065	3,406	111,837	142,252
Travel	3,853	2,667	1,447	1,324		9,291	2,395	4,854	7,249	16,540	9,516
Occupancy	41,621	295,334	26,552	30,943	4,378	398,828	43,818	19,933	63,751	462,579	499,985
Telephone	8,725	4,589	2,359	2,749	389	18,811	3,893	1,771	5,664	24,475	21,495
Depreciation								15,553	15,553	15,553	14,793
Cost of sales	1,402	51,389				52,791				52,791	54,133
Insurance	3,302	4,097	2,107	2,455	347	12,308	3,477	1,582	5,059	17,367	17,642
Miscellaneous expenses	390					390				390	8,424
	\$ 464,079	\$ 815,481	\$ 489,460	\$ 253,267	\$ 41,243	\$ 2,063,530	\$ 493,653	\$ 207,816	\$ 701,469	\$ 2,764,999	\$ 2,744,265

The functional classification of expenses is based either on direct costs or an allocation of indirect costs on a basis which management believes results in a fair presentation. The Society did not conduct any activities for which joint costs were allocated between development expenses and program services or general and administrative expenses.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2010 and 2009

NOTE J - HEALTH CARE REFORM LEGISLATION

In March 2010, the Patient Protection and Affordable Care Act, along with the Health Care and Education Reconciliation Act, was enacted into law. This legislation includes the following provisions that are effective January 1, 2014 that may have a significant financial impact on employers:

- Employers with an average of at least 50 full-time employees will be subject to financial penalties for full-time employees who have purchased health insurance through a state insurance exchange because the employer has not offered health care coverage, has offered minimum essential coverage that is unaffordable, or has offered minimum essential coverage consisting of a plan under which the plan's share of the total allowed cost of benefits is less than 60 percent.
- Employers offering minimum essential coverage through an eligible employer-sponsored plan and paying a portion of that coverage will be subject to providing certain qualified employees with a voucher whose value can be applied to the purchase of a health plan through the Insurance Exchange.

The Society's management has not determined the impact, if any, on its future operations as a result of this legislation.