THE OLANA PARTNERSHIP

FINANCIAL STATEMENTS
(and Report of Independent Auditors)

December 31, 2010
(with memorandum totals as of December 31, 2009)

THE OLANA PARTNERSHIP
TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Olana Partnership

We have audited the accompanying financial statement of financial position of The Olana Partnership (a nonprofit organization) as of December 31, 2010, and the related statement of activities, statement of functional expenses, and statement of cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from The Olana Partnership 2009 financial statements and, in our report dated October 22, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Olana Partnership as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Pattison, Koskey, Howe + Bucci, CPAs, P.C.

Valatie, New York
October 21, 2011

THE OLANA PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
December 31, 2010
(with memorandum totals for December 31, 2009)

	2010	2009 (memorandum only)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 666,304	$ 707,275
Accounts receivable	947	1,383
Contributions receivable	210,065	467,791
Government grant receivable	1,273	11,562
Inventory	79,683	73,013
Prepaid expenses	7,557	5,855
Investments	-	97,528
Total current assets	965,829	1,364,407
Cash and cash equivalents - restricted to construction of museum	345,744	344,911
Cash and cash equivalents - restricted to investment in endowment	1,180,706	127,741
Certificates of deposit - restricted for endowment	-	921,813
Investments	246,997	215,485
Contributions receivable (long-term), net of a $22,141 discount	207,859	309,484
Property and equipment, net	30,530	28,296
Total assets	$ 2,977,665	$ 3,312,137
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 13,637	$ 69,812
Accrued expenses	30,508	28,165
Total current liabilities	44,145	97,977
Net assets:		
Unrestricted	751,184	907,544
Unrestricted - board designated	21,000	21,000
Temporarily restricted	653,387	820,742
Permanently restricted	1,507,949	1,464,874
Total net assets	2,933,520	3,214,160
Total liabilities and net assets	$ 2,977,665	$ 3,312,137

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF ACTIVITIES
Year ended December 31, 2010
(with memorandum totals for December 31, 2009)

	2010	2009 (memorandum only)
Change in unrestricted net assets:		
Revenues and other sources:		
Membership dues	$ 147,326	$ 159,831
Contributions	226,044	55,602
Donated services	201,019	295,538
Non cash revenue	2,200	-
Grants	1,273	36,111
Bookstore and gift shop sales, net of cost of goods sold of $59,305	79,457	94,795
Program and special events, net of direct expenses of $104,882	56,743	364,918
Royalty income	363	97
Interest and dividend income	7,737	11,856
Other income	1,288	612
Unrealized gain on marketable securities	27,912	36,558
Gain on sale of marketable securities	762	1,518
Total unrestricted revenue	752,124	1,057,436
Net assets released from restrictions	357,695	355,663
Total unrestricted revenue and other support	1,109,819	1,413,099
Expenses:		
Program	875,219	903,560
Management and general	229,260	307,221
Fundraising	161,700	200,092
Total expenses	1,266,179	1,410,873
Change in unrestricted net assets	(156,360)	2,226
Change in temporarily restricted net assets:		
Contributions, net of discount of $453	188,507	194,636
Investment return	833	2,420
Net assets released from restrictions	(356,695)	(355,663)
Reclassification	-	(10,000)
Change in temporarily restricted net assets	(167,355)	(168,607)

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF ACTIVITIES (CONTINUED)
Year ended December 31, 2010
(with memorandum totals for December 31, 2009)

	2010	2009 (memorandum only)
Change in permanently restricted net assets:		
Contributions, includes accretion of discount of $12,923	$ 12,923	$ 140,669
Investment Return	31,152	4,293
Reclassification	(1,000)	10,000
Change in permanently restricted net assets	43,075	154,962
Change in net assets	(280,640)	(11,419)
Net assets, beginning of year	3,214,160	3,225,579
Net assets, end of year	$ 2,933,520	$ 3,214,160

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF CASH FLOWS
Year ended December 31, 2010
(with memorandum totals for December 31, 2009)

	2010	2009 (memorandum only)
Cash flows from operating activities:		
Change in net assets	$ (280,640)	$ (11,419)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	11,196	6,212
Gain on sale of marketable securities	(762)	(1,518)
Unrealized gain on marketable securities	(27,912)	(36,558)
Donated investments	(79,086)	(107,572)
Gift of endowment	(148,075)	(248,000)
Decrease (increase) in accounts receivable	436	(483)
Decrease (increase) in contributions receivable	359,351	(9,859)
Decrease in government grant receivable	10,289	283,183
Increase in inventory	(6,670)	(24,395)
Increase in prepaid expenses	(1,702)	(5,855)
Decrease in due from New York State	-	15,000
(Decrease) increase in accounts payable	(56,175)	37,175
Increase in accrued expenses	2,343	3,155
Total adjustments	63,233	(89,515)
Net cash used in operating activities	(217,407)	(100,934)
Cash flows from investing activities:		
Purchases of property and equipment	(13,430)	(6,533)
Sales of investments	177,376	11,562
Purchases of certificates of deposit	921,813	(921,813)
(Purchases)/maturities of investments	(3,600)	(25,256)
Increase in cash and cash equivalents - construction of museum	(833)	(2,419)
(Increase)/decrease in cash and cash equivalents - restricted to investment in endowment	(1,052,965)	659,521
Net cash provided by (used in) investing activities	28,361	(284,938)

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF CASH FLOWS (CONTINUED)
Year ended December 31, 2010
(with memorandum totals for December 31, 2009)

	2010	2009 (memorandum only)
Cash flows from financing activities:		
Gift of Endowment	$ 148,075	$ 248,000
Net cash provided by financing activities	148,075	248,000
Net decrease in cash	(40,971)	(137,872)
Cash and cash equivalents, beginning of year	707,275	845,147
Cash and cash equivalents, end of year	$ 666,304	$ 707,275
Supplemental Noncash Disclosures:		
Investment applied to the purchase of an auction item	$ -	$ 58,119
Government grants receivable applied to endowment	$ -	$ 400,000

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2010
(with comparative totals for the year ended December 31, 2009)

	2010				2009 (memorandum only)
	Program	Management and General	Fund-Raising	Total	
Salaries and wages	$ 338,418	$ 105,374	$ 117,885	561,677	$ 562,015
Employee benefits	25,301	11,343	15,327	51,971	45,319
Payroll tax	27,736	8,418	9,249	45,403	47,209
Insurance	8,551	10,084		18,635	7,866
Supplies and office	40,657	28,894	-	69,551	63,893
Development	-	-	15,879	15,879	17,338
Program	208,819	-	-	208,819	342,588
Landscaping	74,861	-	-	74,861	23,134
Professional fees	146,398	61,232		207,630	293,649
Depreciation	4,478	3,358	3,360	11,196	6,212
Uncollectible pledges		557		557	1,650
	$ 875,219	$ 229,260	$ 161,700	$ 1,266,179	$ 1,410,873

See accompanying notes and independent auditors' report.

1. Nature of Operations:

The Olana Partnership (the "Organization") is a not-for-profit organization based in Hudson, New York, that encourages public appreciation of, acts as an advocate for, and provides supplementary support for the preservation and interpretation of Olana, the home of one of America's premier landscape artists, Frederic Edwin Church. Olana is a National Historic Landmark and is a New York State Historic Site administered by the New York State Office of Parks, Recreation and Historic Preservation.

2. Summary of Significant Accounting Policies:

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation:

The financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, "Financial Statements for Not-for-Profit Organizations", which requires the Organization to report 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. A description of the three net asset categories follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes or locations by action of the Board of Directors.

Temporarily Restricted Net Assets - Net assets whose use is subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be retained and invested permanently by the Organization.

Expenses are presented as decreases in unrestricted net assets when incurred.

Prior Year Amounts:

Amounts shown for December 31, 2009, in the accompanying statements are included to provide a basis for comparison with December 31, 2010 and present summarized totals only. Accordingly, the December 31, 2009 amounts are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

2. Summary of Significant Accounting Policies (Continued):

Cash and Cash Equivalents:

For the purposes of the statement of cash flows, cash and cash equivalents are considered highly liquid investments with maturities of three months or less at the time of acquisition. Cash and cash equivalents with donor imposed restrictions for the purpose of acquisitions of fixed assets or endowment are excluded from cash and cash equivalents in the statement of cash flows.

Property and Equipment:

Property and equipment are recorded at cost or, if donated, at the estimated fair value at the time of donation. Expenditures for routine repairs and maintenance that do not add to an asset's useful life are expensed in the period in which they are incurred. Asset additions and expenditures that extend the useful lives of existing assets are capitalized and depreciated. Gains and losses from disposals of property and equipment are included in current operations.

Depreciation:

Depreciation on property and equipment is recorded using the straight-line method over the various estimated useful lives of the assets.

As the Organization embarks on construction projects in support of its purpose, New York State (the State) and the Organization typically enter into agreements that map out the parameters of the projects. Construction costs incurred by the Organization for assets that it will not own are expensed as incurred.

Income Taxes:

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

The Organization has evaluated any uncertain tax positions and related income tax contingencies and determined uncertain positions, if any, are not material to the financial statements, according to FASB ASC 740-10. Penalties and interest assessed by income taxing authorities are included in operating expenses, if incurred. The Organization is no longer subject to examination by federal and state taxing authorities for years prior to fiscal year ending December 31, 2007.

Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that will 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies (Continued):

Concentrations of Credit and Market Risks:

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents and receivables. Cash and cash equivalents are maintained at high quality financial institutions and credit exposure is not limited to any one institution. The Organization exceeded the Federal Deposit Insurance Corporation (FDIC) limit (see note 3) as of December 31, 2010. The Organization has not experienced any losses with respect to its cash balances. Based upon assessment of the financial condition of these institutions, management believes that the risk of loss of any uninsured amounts is minimal.

At December 31, 2010, there were two donors that individually exceeded 10% of contributions receivables. The Organization has determined no allowance for doubtful accounts is needed based on a review of outstanding receivables, historical collection information, and economic conditions. Management controls credit risk through the use of the above procedures.

Investments:

In accordance with FASB ASC 958-320, "Accounting for Certain Investments Held by Not-For-Profit Organizations" investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless donor or law restricts the income or loss. Investment management fees are shown net against investment income on the statement of activities. Those fees for the year ended December 31, 2010 were $2,193 ($1,387 for general operating funds, $691 for new museum construction funds, and $115 for endowment funds while invested in CDs).

Fair value measurements:

In September 2006, the FASB issued FASB ASC 820-10 "Fair Value Measurement". FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. FASB ASC 820-10 does not require any new fair value measurements but applies to other GAAP accounting pronouncements that use fair value as a relevant measurement attribute. See Note 5 for disclosures required by FASB ASC 820-10.

Inventory:

Inventory is stated at the lower of cost or market, with cost determined on a first-in, first-out basis. Market value is based on the lower of replacement cost or realizable value. Inventory includes books, periodicals and other items available for resale at the bookstore and gift shop.

2. Summary of Significant Accounting Policies (Continued):

Contributions:

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization 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, or if they are designated as support for future periods. 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 activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

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

Donated Services:

The Organization recognizes revenue for certain services received at the fair value of those services. These services include professional services donated by attorneys, accountants and other professionals, as well as donated advertising and legal services. The fair value of the donated services is reflected in revenues and included in expenses in the following functional categories for the year ended December 31, 2010:

Professional fees	$ 196,359
Landscape architect	1,500
Printing and publication	383
Editorial services	960
Landscaping	714
Electrical	297
Advertising-distribution	446
In-kind donations (lights, books, program supplies)	360
Special events (advertising)	1,600
Special events (in-kind donations)	57,270
Subtotal	259,889
Less: Special events	(58,870)
	$ 201,019

2. Summary of Significant Accounting Policies (Continued):

Donated Services (Continued):

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with program services and fundraising events. No amounts have been reflected in the financial statements for these donated services since the volunteers' time does not meet the criteria for recognition under FASB ASC 958-605. A portion of the donated services were donated by related parties for the amount of $167,713.

Subsequent events:

Subsequent events have been evaluated through October 21, 2011, which is the date the financial statements were available to be issued.

Revenue Recognition – Government Grants:

Certain revenue is earned on cost reimbursable type contracts as services are provided and expenses are incurred to carry out the objectives of the related contractual arrangements. Cost reimbursable contract revenue is recognized only to the extent the contract allows for the related costs incurred by the Organization and cannot exceed the maximum amount allowed for under the contract. Funds advanced to the Organization prior to the earnings process are deferred and included in the caption "government contract advance" in the accompanying statement of financial position. Revenue earned in excess of payments received from the government agency is accrued as government grant receivable.

3. Cash and Cash Equivalents:

Cash and cash equivalents at December 31, 2010, comprised the following:

Bank	Book Balance	Bank Balance	FDIC Insurance	Excess
First Niagara	$ 321,291	$ 368,495	$ 331,698	$ 36,797
Legacy Banks	690,407	679,907	679,907	-
Fidelity Investments	1,180,706	1,180,705	-	1,180,705
Petty Cash	350	-	N/A	-
	$ 2,192,754	$ 2,229,107		$ 1,217,502

The Organization has full insurance coverage on the excess amount of $679,907 in Legacy Banks under the Depositors Insurance Fund (DIF). The DIF is a private industry sponsored fund that insures deposits above the FDIC limits at Massachusetts-chartered savings banks. The Organization's bank, Legacy Bank, is a participating bank therefore provides insurance coverage on the remaining balance. The Organization is fully insured as of December 31, 2010 for all FDIC non-interest bearing bank accounts.

The cash and cash equivalents balance of $2,192,754 includes $1,180,706 of cash equivalents held in a money market account restricted for the investment in endowment and $345,744 of cash equivalents held in a money market account restricted for the construction of a museum.

4. Contributions Receivable:

Contributions receivable consist primarily of pledges and grants from private foundations that are scheduled to be collected within the current year. The following summarizes the contributions receivable based on the period in which they are expected to be collected. The carrying value is determined by calculating the net present value of the estimated future cash flows, net of an allowance for uncollectible pledges. The interest rates used in determining the net present value of contributions receivable range from 1.53% to 3.52% at December 31, 2010, based on the terms and pledge dates of the gifts. Management believes that all contributions receivable at December 31, 2010 are fully collectible.

The expected receipts of multi-year unconditional promises to give are as follows:

Amounts to be received in:		
2011	$	140,000
2012		130,000
2013		100,000
	$	370,000

The current portion of contributions receivable includes $70,065 of contributions made in 2010 and expected to be collected in 2011. The Organization recorded a discount for the amount of $22,141 to discount the pledges that were received with a pledge exceeding more than one year.

5. Investments:

Investments at December 31, 2010, stated at fair value include:

		Cost		Unrealized Gain		Fair Market Value	FASB ASC 820-10 Measurements
Mutual Funds	$	223,248	$	23,749	$	246,997	Level 1

Investments are measured at fair value on a recurring basis. In accordance with FASB ASC 820-10, fair value measurements are identified as Level 1, Level 2, and Level 3. Level 1 fair value is based on quoted prices in active markets for identical asset/liabilities. The Organization does not have any Level 2 or 3 investments. The Organization's investments are comprised of one mutual fund at December 31, 2010.

6. Property and Equipment:

A summary of property and equipment is as follows as of December 31, 2010:

Category		
Furniture/Equipment	$	61,953
Non Cash Revenue-Artwork/Rug		2,200
Artwork-Painting		10,000
Accumulated Depreciation		(43,623)
	$	30,530

The depreciation expense for 2010 was $11,196.

7. Collections:

The Organization does not capitalize its collections. Costs of collection items purchased are shown as decreases in net assets in the statement of activities, proceeds from sales of collection items and insurance recoveries of lost or destroyed collection items are presented as increases in net assets. There were no such increases or decrease for the year ended December 31, 2010.

8. Functional Expenses:

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among programs and other activities benefited.

9. Program and Special Events:

During the year ended December 31, 2010, the Organization held various program and special events. A financial summary is as follows:

	Program	Reception/ Auction	Other	Total
Gross event income	$ 7,286	$ 107,423	$ 46,916	$ 161,625
Event expenses	18,309	56,968	29,605	104,882
Net profit (loss)	$ (11,023)	$ 50,455	$ 17,311	$ 56,743

10. Line of Credit:

The Organization applied for and obtained a working capital line of credit on July 10, 2008. The amount of the line is $200,000 and was renewed in 2010 for a term of July 1, 2010 through September 30, 2011. No advances were requested on this line during the year, and no balance was due on December 31, 2010.

11. The Landmarks Visitor Center:

The Landmarks Visitor Center (LVC) is a venture that began on May 26, 2006 with other area historic sites and Columbia County tourism. A store and visitor center was opened at 547 Warren Street, later moving to 345 Warren Street. Each site contributed funds to cover expenses. Sales/contribution collection, distribution, and bill paying are managed by The Olana Partnership. The collaboration was temporarily terminated as of December 31, 2008, vacating the premises on January 6, 2009. Throughout 2009 and 2010, minor operational and promotional expenses were being paid while final ventures were being considered. The group is currently arranging with the Columbia County Chamber of Commerce to utilize space in the historic Washington Hose Company firehouse, located in downtown Hudson by the train station. The Chamber has begun restoring the structure and will occupy it later in 2011. The LVC has committed to developing a permanent installation inside the historic building which will feature graphics, literature, and electronic displays highlighting LVC participating sites. At the close of 2010, $7,545 was held on behalf of other sites, while $1,331 of Olana funds were also kept aside for the purposes of the venture.

12. Temporarily Restricted Net Assets:

Temporarily restricted net assets as of December 31, 2010 represent grants available for the following specific purposes or program services:

Main House Projects	$ 65,051
Museum Center	345,744
Education	34,643
Landscape Curator position	45,878
Landscaping	17,429
Invasive Species project	10,000
Robinson Family	5,000
Strabo-Conservation	13,461
Time Restricted (net of discount of $383)	26,265
Second Floor Exhibitions	80,000
SLC/Viewshed Donations	4,480
Restricted Projects	4,104
Landmarks Visitors Center	1,332
	$ 653,387

13. Board Designations:

The board designated unrestricted net assets for contingencies in the amount of $21,000.

14. Permanently Restricted Net Assets:

Permanently restricted net assets represent donor-restricted endowment gifts for the following salaried positions. Donors have intended that the earnings on such gifts be accumulated until each position reaches the $1 mm goal, then earnings are to be used to fund such positions:

President Endowment (net of discount of $19,943)	$	580,057
President Endowment earnings		7,790
Educator Endowment		793,000
Educator Endowment earnings		28,136
Curator Endowment (net of discount of $1,815)		97,185
Curator Endowment earnings		1,781
	$	1,507,949

In 2009, the Organization's endowment consisted of two funds (one comprised of certificates of deposit) and (another comprised of a mutual fund) held with institutional investment companies. At the end of 2010, it was decided by the board to transfer all endowment funds to the professional management of Massey Quick & Co. The certificates of deposit were promptly redeemed with all cash proceeds being transferred to a Fidelity account on December 31, 2010. The funds will be invested into mutual funds at the discretion of Massey Quick & Co. The S&P 500 Index fund, containing board-designated endowment funds is expected to be transferred in early 2011. The endowment includes donor-restricted endowment funds which are classified and reported based on the existence or absence of donor-imposed restrictions and funds designated by the Board of Trustees to function as endowments. The Board of Trustees of the Organization has interpreted the New York State Uniform Management of Institutional Funds Act "UMIFA" as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds 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 permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Presently, (until the $1mm goal per position is met), earnings (dividends and interest), realized and unrealized appreciation (depreciation) on the endowment fund are classified as permanent support as outlined by the donors.

Return Objectives and Risk Parameters
The Organization's Board of Trustees has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to supplement annual third party contributions and maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce modest results while assuming a low level of investment risk. The Organization expects its endowment fund, over time, to provide an average rate of return sufficient to cover future draw downs over the long-term.

14. Permanently Restricted Net Assets (Continued):

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return objectives, the Organization 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 Organization currently targets a diversified asset allocation that places a greater emphasis on fixed income-based investments (currently certificates of deposit) to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Organization has a policy of reinvesting dividends and interest earned on an annual basis for board-designated endowment as long as unrestricted donations received for support are sufficient to cover annual operating expenditures. For donor-restricted endowments, investment returns are reinvested until the $1mm goal per position is met. At that time, future earnings are subject to the donors' temporary purpose restrictions. In establishing this policy, the Organization considers the long-term expected return on its endowment.
Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Endowment Net Asset Composition by Type of Fund as of December 31, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ -	$ 1,507,949	$ 1,507,949
Board-Designated Endowment Funds	246,997	-	-	246,997
Total Funds	$ 246,997	$ -	$ 1,507,949	$ 1,754,946

14. Permanently Restricted Net Assets (Continued):

Changes in Endowment Net Assets for the Year Ended December 31, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 215,485	$ -	$ 1,464,874	$ 1,680,359
Investment Income	-		31,152	31,152
Interest accretion	-	-	12,923	12,923
Contributions	3,600	-	-	3,600
Reclassification of pledge	-	-	(1,000)	(1,000)
Net Appreciation (Realized and Unrealized)	27,912	-	-	27,912
Endowment Net Assets, End of Year	$ 246,997	$ -	$ 1,507,949	$ 1,754,946

Endowment Net Assets are comprised of:	
Pledges receivable	$ 327,243
Cash and cash equivelents	1,180,706
Investments	246,997
Endowment Net Assets, End of Year	$ 1,754,946

15. 403 (B) Retirement Plan:

Employees may participate in a 403(B) retirement plan administered by American Funds. Employees can make pre-tax contributions up to 100% of pay (subject to certain annual caps based on years of service). New employees may enroll in this program immediately, otherwise enrollment months are January and July. There is an employer match of up to 5% of salary for eligible employees.

The total employer match expense was $15,554 for year ended December 31, 2010.