

**THE INCARNATION FOUNDATION
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
and
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2010

THE INCARNATION FOUNDATION AND SUBSIDIARIES
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December 31, 2010

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SALMON SIMS THOMAS

Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Incarnation Foundation and Subsidiaries

We have audited the accompanying consolidated statement of financial position of Incarnation Foundation and Subsidiaries (all Texas corporations) as of December 31, 2010, and the related consolidated statements of activities, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 consolidated financial position of The Incarnation Foundation and Subsidiaries as of December 31, 2010, the consolidated results of their operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements, taken as a whole of The Incarnation Foundation and Subsidiaries, as of and for the year ended December 31, 2010. The supplementary schedules on pages 14-16 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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.

Salmon Sims Thomas & Associates
Salmon Sims Thomas & Associates
A Professional Limited Liability Company

Dallas, Texas
June 27, 2011

The Incarnation Foundation and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2010

ASSETS

Cash	\$ 281,816
Investments	2,087,369
Property held for investment	500,000
Notes receivable from related parties, net	<u>203,789</u>
 TOTAL ASSETS	 <u><u>\$ 3,072,974</u></u>

LIABILITIES AND NET ASSETS

Net Assets

Unrestricted	
Board designated	\$ 810,539
Undesignated	<u>213,581</u>
	1,024,120
Temporarily restricted	603,115
Permanently restricted	<u>1,445,739</u>
Total Net Assets	<u><u>3,072,974</u></u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 3,072,974</u></u>

The accompanying notes are an integral part of this financial statement.

The Incarnation Foundation and Subsidiaries
Consolidated Statement of Activities
For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Support				
Contributions	\$ 456,664	\$ -	\$ 1,890	\$ 458,554
Investment return	125,335	142,780	-	268,115
Loan interest	8,522	-	-	8,522
Other program revenues	6,913	-	-	6,913
	<u>597,434</u>	<u>142,780</u>	<u>1,890</u>	<u>742,104</u>
Net assets released from restrictions	54,005	(54,005)	-	-
Total Revenues and Support	<u>651,439</u>	<u>88,775</u>	<u>1,890</u>	<u>742,104</u>
Expenses				
Program services	53,544	-	-	53,544
Supporting services	60,323	-	-	60,323
Total Expenses	<u>113,867</u>	<u>-</u>	<u>-</u>	<u>113,867</u>
Change in Total Net Assets	<u>\$ 537,572</u>	<u>\$ 88,775</u>	<u>\$ 1,890</u>	<u>\$ 628,237</u>

The accompanying notes are an integral part of this financial statement.

The Incarnation Foundation and Subsidiaries
 Consolidated Statement of Changes in Net Assets
 For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets, December 31, 2009	\$ 486,548	\$ 514,340	\$ 1,443,849	\$ 2,444,737
Change in Net Assets	<u>537,572</u>	<u>88,775</u>	<u>1,890</u>	<u>628,237</u>
Net Assets, December 31, 2010	<u>\$ 1,024,120</u>	<u>\$ 603,115</u>	<u>\$ 1,445,739</u>	<u>\$ 3,072,974</u>

The accompanying notes are an integral part of this financial statement.

The Incarnation Foundation and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2010

Cash Flows from Operating Activities	
Change in Net Assets	\$ 628,237
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Forgiveness of related party note receivable	20,000
Net realized gain on investments	(34,681)
Net unrealized gain on investments	(198,670)
Decrease in assets:	
Due from related entity	13,097
Net Cash Provided by Operating Activities	<u>427,983</u>
Cash Flows from Investing Activities	
Purchase of investments	(34,764)
Proceeds from sale of investments	37,220
Collections on related party notes receivable	177,724
Net Cash Provided by Investing Activities	<u>180,180</u>
Cash Flows from Financing Activities	
Repayment on line of credit	<u>(866,368)</u>
Net Decrease in Cash	(258,205)
Cash, December 31, 2009	<u>540,021</u>
Cash, December 31, 2010	<u><u>\$ 281,816</u></u>
Supplemental Cash Flow Information	
Interest paid	<u><u>\$ 18,850</u></u>

The accompanying notes are an integral part of this financial statement.

The Incarnation Foundation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of The Incarnation Foundation (Foundation) and Subsidiaries (collectively, the Organization) is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Foundation's management, who are responsible for the fairness and objectivity embodied in the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Organization

The Foundation was formed and incorporated in January 1988 as a Texas nonprofit organization. The Foundation was formed in order to provide funds for operations and ministries, as well as loans for capital improvements and clergy housing. The Vestry of the Church of the Incarnation (Church) selects the members of the Board of Trustees of the Foundation and therefore "controls" the Foundation, from a generally accepted accounting principles' perspective.

4016 McKinney Ventures LLC (Venture) was formed and incorporated in June 2004 as a Texas limited liability corporation. Venture was formed to purchase and hold certain real property in the vicinity of the Church for purposes of future expansion. Venture is fully owned by the Foundation. The assets of Venture were substantially transferred to the Episcopal Diocese of Dallas as of December 31, 2008, to be held for the benefit of the Church. It is anticipated that this entity will be liquidated during 2011.

4544 Belfort Residence LLC (Belfort) was formed and incorporated in July 2008 as a Texas limited liability corporation. Belfort was formed to jointly purchase, with one of the Church of the Incarnation (Church) ministers, a residential property. Belfort is fully owned by the Foundation.

Consolidation

In accordance with GAAP, the financial statements of the Foundation, Venture, and Belfort have been consolidated and all significant interorganizational transactions and accounts have been eliminated.

The Incarnation Foundation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in valuing investments. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could differ from estimates.

Financial Statement Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Many donors of these assets require that all of the income earned on related investments be temporarily restricted for specified purposes. Others have no stipulations on the income earned and, therefore, the income is classified as unrestricted.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Church or the Foundation and/or the passage of time.

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporarily restricted net assets (*i.e.*, the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions are recognized as revenues in the period unconditional promises to give are received. Contributions of assets other than cash are recorded at their estimated fair value.

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of ninety days or less to be cash equivalents. There were no cash equivalents at December 31, 2010. The Organization places cash, which at times may exceed federally-insured limits, with high-credit quality financial institutions. The Organization has not experienced any losses on such assets.

The Incarnation Foundation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Foundation carries investments consisting of diversified marketable equity securities for long-term purposes. These investments, which are held for endowment funds, are shown at their fair values. Unrealized gains and losses are included in the Consolidated Statement of Activities.

Income Taxes

The Foundation is a nonprofit organization as defined in Section 501(c)(3) of the Internal Revenue Code (Code) that is exempt from federal income taxes under Section 501(a) of the Code.

Venture and Belfort are both single-member L.L.C. for-profit entities owned by the Foundation and are not required to file a separate tax return. Rather, their income, if any and if unrelated to the Foundation's exempt purpose, is taxed at the Foundation's level.

Accounting for Uncertainty in Income Taxes

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 740-10 would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statement of activities or accrued in the statement of financial position. Federal tax returns of the entity are generally open to examination by the relevant taxing authority for a period of three years from the date the returns are filed.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides the 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 asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at December 31, 2010.

Diversified marketable securities: Diversified marketable securities are valued at the closing price reported in an active market in which the securities are traded.

The Incarnation Foundation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, 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.

The provisions of Topic 820 did not have an impact on the Organization's nonfinancial assets and nonfinancial liabilities that are not permitted or required to be measured at fair value on a recurring basis.

Subsequent Events

Subsequent events have been evaluated for potential recognition or disclosure through June 27, 2011, which is the date the financial statements were available to be issued.

NOTE 2: INVESTMENTS AND INVESTMENTS HELD FOR SALE

As of December 31, 2010, investments and investments held for sale consisted of the following:

<i>Investments</i>	
Diversified marketable securities	\$ <u>2,087,369</u>

For 2010, investment return consisted of the following:

Interest income	\$ 50,958
Management fees	(16,194)
Net realized losses	34,681
Net unrealized gains	<u>198,670</u>
Total	\$ <u>268,115</u>

NOTE 3: NOTES RECEIVABLE FROM RELATED PARTIES

Foundation

In July 2005, one of the Church's ministers issued a mortgage note payable to the Foundation in the amount of \$350,000, due in monthly installments of \$995 including interest at a rate of 3% per annum until it matures in August 2035. The note is secured by a deed of trust on certain residential real property. As of December 31, 2010, the balance due to the Foundation was \$198,456.

In April 2009, one of the Church's ministers issued a note payable to the Foundation, in the original amount of \$8,000. The note is to be forgiven by the Foundation on a pro-rata basis over a three year period with a yearly vesting schedule on the anniversary date of the loan. This note is unsecured. As of December 31, 2010, the balance due to the Foundation was \$5,333.

The Incarnation Foundation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2010

NOTE 3: NOTES RECEIVABLE FROM RELATED PARTIES (CONTINUED)

Future minimum principal receipts scheduled under note agreements are as follows:

For the years ending December 31,

	<u>Foundation</u>
2011	\$ 8,797
2012	8,983
2013	6,509
2014	6,707
2015	6,911
2016 and thereafter	<u>165,882</u>
Total	<u>\$ 203,789</u>

Interest income on notes receivable in 2010 totaled approximately \$8,500.

NOTE 4: RESTRICTED AND DESIGNATED NET ASSETS

At December 31, 2010, board designated and temporarily and permanently restricted net assets approximately consisted of the following:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Foundation			
Rector's discretionary fund	\$ -	\$ 291,400	\$ 725,100
Outreach	-	14,000	12,000
Support for seminarians	-	60,700	82,700
Music ministry	-	20,700	80,000
Memorials	-	39,700	-
Pastoral care	-	80,700	50,000
Income unrestricted	-	-	324,000
Youth scholarships	-	4,200	31,500
Community of Hope ministry	-	3,100	23,000
Other discretionary fund	-	-	75,000
Rectory/housing fund	<u>810,500</u>	<u>88,600</u>	<u>42,400</u>
	<u>\$ 810,500</u>	<u>\$ 603,100</u>	<u>\$ 1,445,700</u>

The Incarnation Foundation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2010

NOTE 4: RESTRICTED AND DESIGNATED NET ASSETS (CONTINUED)

Release from restrictions for 2010 approximately consisted of the following:

Foundation	
Rector's discretionary fund	\$ 4,100
Outreach	200
Support for seminarians	800
Music ministry	200
Memorials	700
Pastoral care	1,200
Rectory/housing fund	1,400
Maintenance/new construction	<u>45,400</u>
	<u>\$ 54,000</u>

NOTE 5: ENDOWMENTS

The Organization's endowments consist of approximately 16 individual funds established for a variety of purposes. The endowments include both donor-restricted endowment funds and funds designated by the Foundation Board of Directors to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Foundation Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation Board of Directors 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 gift date of the donor-restricted endowment funds absent explicit donor restrictions 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 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.

The Incarnation Foundation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2010

NOTE 5: ENDOWMENTS (CONTINUED)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization 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 organization
- (7) The investment policies of the organization.

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets beginning of year	\$ 260,738	\$ 183,329	\$ 1,401,471	\$ 1,845,538
Gifts	-	-	1,890	1,890
Investment income	62,453	129,884	-	192,337
Reclassifications	<u>-</u>	<u>250,232</u>	<u>42,378</u>	<u>292,610</u>
Endowment net assets, end of year	<u>\$ 323,191</u>	<u>\$ 563,445</u>	<u>\$ 1,445,739</u>	<u>\$ 2,332,375</u>

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to protect the related assets and provide a reasonable return until authorized use. The Organization's investment philosophy is to invest in secure vehicles, obtain adequate return on investment and invest in vehicles which are compatible with purposes of the Organization.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Organization relies on a strategy of asset diversification through professional investment managers. On longer-term investments, the funds are normally placed with the Organization's funds in the investment pool except when the donor instrument defines another custodian.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. The aggregate deficiency at December 31, 2010 was approximately \$0.

The Incarnation Foundation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2010

NOTE 6: RELATED PARTY TRANSACTIONS

Notes receivable, previously mentioned in Note 3, are from various current and former Church clergy staff. The total balance of these notes as of December 31, 2010 was \$203,789.

NOTE 7: FUNCTIONAL EXPENSES

At December 31, 2010, program and supporting expenses approximately consisted of the following:

Program Expenses	
Grants	\$ 51,300
Columbarium	2,000
Other	<u>200</u>
	<u>\$ 53,500</u>
Supporting Expenses	
Administration	\$ 41,400
Other	<u>18,900</u>
	<u>60,300</u>
Total Expenses	<u>\$ 113,800</u>

NOTE 8: FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2010 are as follows:

Fair Value Measurements at Reporting Date Using:

	<u>Fair Value</u>	<u>Quoted Prices in Active markets for Identical Assets/Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Marketable securities	\$ <u>2,087,369</u>	\$ <u>2,087,369</u>	\$ <u> -</u>	\$ <u> -</u>

SUPPLEMENTAL SCHEDULES

The Incarnation Foundation and Subsidiaries
Consolidating Statement of Financial Position
December 31, 2010

	<u>Foundation</u>	<u>Venture</u>	<u>Belfort</u>	<u>Eliminating Entries</u>	<u>Total</u>
ASSETS					
Cash	\$ 281,816	\$ -	\$ -	\$ -	\$ 281,816
Investments	2,087,369	-	-	-	2,087,369
Property held for investment	-	-	500,000	-	500,000
Notes receivable from related parties, net	203,789	-	-	-	203,789
Interest in related entity	501,000	-	-	(501,000)	-
Due from related entity	-	1,000	-	(1,000)	-
	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 3,073,974</u>	<u>\$ 1,000</u>	<u>\$ 500,000</u>	<u>\$ (502,000)</u>	<u>\$ 3,072,974</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Due to related entity	\$ 1,000	\$ -	\$ -	\$ (1,000)	\$ -
Net Assets					
Unrestricted					
Board designated	810,539	-	-	-	810,539
Undesignated	213,581	1,000	500,000	(501,000)	213,581
Temporarily restricted	603,115	-	-	-	603,115
Permanently restricted	1,445,739	-	-	-	1,445,739
Total Net Assets	<u>3,072,974</u>	<u>1,000</u>	<u>500,000</u>	<u>(501,000)</u>	<u>3,072,974</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,073,974</u>	<u>\$ 1,000</u>	<u>\$ 500,000</u>	<u>\$ (502,000)</u>	<u>\$ 3,072,974</u>

See auditors' report and notes.

The Incarnation Foundation and Subsidiaries
Consolidating Statement of Activities
For the Year Ended December 31, 2010

	<u>Foundation</u>	<u>Venture</u>	<u>Belfort</u>	<u>Eliminating Entries</u>	<u>Total</u>
UNRESTRICTED					
Revenues and Support					
Contributions	\$ 456,664	\$ -	\$ -	\$ -	\$ 456,664
Investment return	125,335	-	-	-	125,335
Loan interest	8,522	-	-	-	8,522
Other revenues	6,913	-	-	-	6,913
	<u>597,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>597,434</u>
Net assets released from restrictions	54,005	-	-	-	54,005
Total Revenues and Support	<u>651,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>651,439</u>
Expenses					
Program services	53,544	-	-	-	53,544
Supporting services	60,323	-	-	-	60,323
Total Expenses	<u>113,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,867</u>
Change in Unrestricted Net Assets	<u>537,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>537,572</u>
TEMPORARILY RESTRICTED					
Contributions	-	-	-	-	-
Investment return	142,780	-	-	-	142,780
Net assets released from restrictions	<u>(54,005)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(54,005)</u>
Change in Temporarily Restricted Net Assets	<u>88,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,775</u>
PERMANENTLY RESTRICTED					
Contributions	<u>1,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,890</u>
Change in Total Net Assets	<u>\$ 628,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 628,237</u>

See auditors' report and notes.

**The Incarnation Foundation and Subsidiaries
Consolidating Statement of Changes in Net Assets
For the Year Ended December 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Foundation</u>				
Net Assets, December 31, 2009	\$ 486,548	\$ 514,340	\$ 1,443,849	\$ 2,444,737
Change in Net Assets	<u>537,572</u>	<u>88,775</u>	<u>1,890</u>	<u>628,237</u>
Net Assets, December 31, 2010	<u>\$ 1,024,120</u>	<u>\$ 603,115</u>	<u>\$ 1,445,739</u>	<u>\$ 3,072,974</u>
<u>Venture</u>				
Net Assets, December 31, 2009	\$ 1,000	\$ -	\$ -	\$ 1,000
Change in Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, December 31, 2010 before eliminations	1,000	-	-	1,000
Eliminations	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>
Net Assets, December 31, 2010 after eliminations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Belfort</u>				
Net Assets, December 31, 2009	\$ 500,000	\$ -	\$ -	\$ 500,000
Change in Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, December 31, 2010 before eliminations	500,000	-	-	500,000
Eliminations	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Net Assets, December 31, 2010 after eliminations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Total</u>				
Net Assets, December 31, 2009	\$ 486,548	\$ 514,340	\$ 1,443,849	\$ 2,444,737
Change in Net Assets	<u>537,572</u>	<u>88,775</u>	<u>1,890</u>	<u>628,237</u>
Net Assets, December 31, 2010	<u>\$ 1,024,120</u>	<u>\$ 603,115</u>	<u>\$ 1,445,739</u>	<u>\$ 3,072,974</u>

See auditors' report and notes.