

BEVERLY HISTORICAL SOCIETY
Financial Statements
For the Years Ended
September 30, 2010 (Reviewed) and 2009 (Audited)

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ACCOUNTANTS' REPORT

To the Board of Trustees of
Beverly Historical Society

We have reviewed the accompanying statement of financial position of Beverly Historical Society (a nonprofit Massachusetts corporation) as of September 30, 2010 and the related statements of activities, functional expenses, changes in net assets and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accounts. All information included in these financial statements is the representation of the Society's management.

A review consists principally of inquires of Society personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2010 financial statements in order for them to be in conformity with generally accepted accounting principles.

The financial statements for the year ended September 30, 2009, were audited by us, and we expressed an unqualified opinion on them in our report dated February 3, 2010, but we have not performed any auditing procedures since that date.

Horvitz & Frisch, P.C.

Horvitz & Frisch, P.C.

January 19, 2011

Beverly Historical Society
Statement of Financial Position
September 30, 2010 (Reviewed) and 2009 (Audited)

	2010	2009
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 136,733	\$ 87,748
Interest and Dividends Receivable	2,454	2,852
Other Receivable	-	1,007
Prepaid Expenses	1,830	-
Inventory	15,170	14,603
Total Current Assets	156,187	106,210
Land, Buildings and Equipment – Net	1,668,522	1,675,110
Other Assets:		
Investments	878,658	901,072
Total Other Assets	878,658	901,072
 Total Assets	 \$ 2,703,367	 \$ 2,682,392

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 21,701	\$ 19,756
Security Deposit	-	1,148
Total Current Liabilities	21,701	20,904
Net Assets:		
Unrestricted:		
Operating	842,163	836,799
Net Investment in Land, Buildings and Equipment	1,668,522	1,675,110
Total Unrestricted	2,510,685	2,511,909
Temporarily Restricted	33,783	12,381
Permanently Restricted	137,198	137,198
Total Net Assets	2,681,666	2,661,488
 Total Liabilities and Net Assets	 \$ 2,703,367	 \$ 2,682,392

Beverly Historical Society
Statement of Activities
For the Year Ended September 30, 2010 (Reviewed)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Support:				
Operating:				
Contributions	\$ 95,705	\$ 29,552	\$ -	\$ 125,257
Grants	8,000	-	-	8,000
Memberships	26,255	-	-	26,255
Miscellaneous Income	12,258	-	-	12,258
Rental Income	7,800	-	-	7,800
Special Events	33,421	-	-	33,421
Collections Income	2,628	-	-	2,628
Gift Shop	7,843	-	-	7,843
Admissions	2,005	-	-	2,005
Total Revenues and Support - Operating	<u>195,915</u>	<u>29,552</u>	<u>-</u>	<u>225,467</u>
Other:				
Interest and Dividends	26,704	-	-	26,704
Net Realized and Unrealized Gains (Losses) on Investments	38,417	-	-	38,417
Total Revenues and Support - Other	<u>65,121</u>	<u>-</u>	<u>-</u>	<u>65,121</u>
Net Assets Released from Restrictions	<u>3,801</u>	<u>(3,801)</u>	<u>-</u>	<u>-</u>
Total Revenues and Support	<u>264,837</u>	<u>25,751</u>	<u>-</u>	<u>290,588</u>
Expenses:				
Program Services:				
Buildings and Collections	148,025	-	-	148,025
Walker Collection	3,687	-	-	3,687
Gift Shop	6,243	-	-	6,243
Total Program Services	<u>157,955</u>	<u>-</u>	<u>-</u>	<u>157,995</u>
Support Services:				
Management and General	77,966	-	-	77,966
Fundraising	34,489	-	-	34,489
Total Support Services	<u>112,455</u>	<u>-</u>	<u>-</u>	<u>112,455</u>
Total Expenses	<u>270,410</u>	<u>-</u>	<u>-</u>	<u>270,410</u>
Change in Net Assets	<u>\$ (5,573)</u>	<u>\$ 27,751</u>	<u>\$ -</u>	<u>\$ 20,178</u>

Beverly Historical Society
Statement of Activities
For the Year Ended September 30, 2009 (Audited)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Support:				
Operating:				
Contributions	\$ 59,996	\$ 875	\$ 47,507	\$ 108,378
Grants	14,673	-	-	14,673
Memberships	27,099	-	-	27,099
Miscellaneous Income	6,227	-	-	6,227
Rental Income	10,050	-	-	10,050
Special Events	1,965	-	-	1,965
Collections Income	1,342	843	-	2,185
Gift Shop	10,050	-	-	10,050
Admissions	1,626	-	-	1,626
Total Revenues and Support - Operating	<u>133,028</u>	<u>1,718</u>	<u>47,507</u>	<u>182,253</u>
Other:				
Interest and Dividends	27,328	-	-	27,328
Net Realized and Unrealized Gains (Losses) on Investments	<u>(31,778)</u>	<u>-</u>	<u>-</u>	<u>(31,778)</u>
Total Revenues and Support - Other	<u>(4,450)</u>	<u>-</u>	<u>-</u>	<u>(4,450)</u>
Net Assets Released from Restrictions	<u>49,977</u>	<u>(49,977)</u>	<u>-</u>	<u>-</u>
Total Revenues and Support	<u>178,555</u>	<u>(48,259)</u>	<u>47,507</u>	<u>177,803</u>
Expenses:				
Program Services:				
Buildings and Collections	125,957	-	-	125,957
Walker Collection	353	-	-	353
Gift Shop	241	-	-	241
Total Program Services	<u>126,551</u>	<u>-</u>	<u>-</u>	<u>126,551</u>
Support Services:				
Management and General	78,487	-	-	78,487
Fundraising	24,287	-	-	24,287
Total Support Services	<u>102,774</u>	<u>-</u>	<u>-</u>	<u>102,774</u>
Total Expenses	<u>229,325</u>	<u>-</u>	<u>-</u>	<u>229,325</u>
Change in Net Assets	<u>\$ (50,770)</u>	<u>\$ (48,259)</u>	<u>\$ 47,507</u>	<u>\$ (51,522)</u>

Beverly Historical Society
Statement of Functional Expenses
For the Year Ended September 30, 2010 (Reviewed)

	Program	Management and General	Fundraising	Total
Director Compensation	\$ 20,746	\$ 27,661	\$ 20,746	\$ 69,153
Other Salaries & Wages	46,867	-	-	46,867
Employee Benefits	1,809	2,243	1,683	5,735
Payroll	6,832	2,984	2,239	12,055
Total Payroll Related Expenses	76,254	32,888	24,668	133,810
Occupancy	25,418	4,240	-	29,658
Accounting	-	13,330	-	13,330
Bank Service Charges	-	725	-	725
Communications	-	1,932	-	1,932
Conservation and Education	4,442	-	-	4,442
Development Expenses	-	804	-	804
Dues & Expenses	965	1,945	-	2,910
Exhibits	206	-	-	206
Grant Related	20,447	-	-	20,447
Insurance	8,091	2,697	-	10,788
Investment Fees	-	6,997	-	6,997
Library	-	-	-	-
Marketing	-	545	-	545
Miscellaneous	-	51	-	51
Newsletter	2,067	-	-	2,067
Office Related	-	4,514	-	4,514
Payroll Service Fee	-	448	-	448
Postage	-	3,410	-	3,410
Printing	-	-	-	-
Professional Development	1,148	-	-	1,148
Special Events	-	-	9,821	9,821
Volunteer Related	-	444	-	444
Depreciation	8,987	2,996	-	11,983
Total Buildings and Collections	148,025	-	-	-
Walker Collection	3,687	-	-	3,687
Gift Shop	6,243	-	-	6,243
Total Expenses	\$ 157,955	\$ 77,966	\$ 34,489	\$ 270,410

Beverly Historical Society
Statement of Functional Expenses
For the Year Ended September 30, 2009 (Audited)

	Program	Management and General	Fundraising	Total
Director Compensation	\$ 18,901	\$ 25,201	\$ 18,901	\$ 63,003
Other Salaries & Wages	44,222	-	423	44,645
Employee Benefits	1,945	2,593	1,945	6,483
Payroll	6,799	2,715	2,035	11,549
Total Payroll Related Expenses	71,867	30,509	23,304	125,680
Occupancy	30,758	5,783	-	36,541
Accounting	-	12,910	-	12,910
Bank Service Charges	-	790	-	790
Communications	-	1,787	-	1,787
Development Expenses	-	3,253	-	3,253
Dues & Expenses	-	2,993	-	2,993
Exhibits	496	-	-	496
Grant Related	-	983	-	983
Insurance	7,140	2,380	-	9,520
Investment Fees	-	6,501	-	6,501
Library	1,342	-	-	1,342
Marketing	-	1,311	-	1,311
Miscellaneous	271	-	-	271
Newsletter	2,234	-	-	2,234
Office Related	-	3,386	-	3,386
Payroll Service Fee	-	451	-	451
Postage	-	2,392	-	2,392
Printing	-	862	-	862
Professional Development	1,628	-	-	1,628
Special Events	-	-	983	983
Volunteer Related	-	456	-	456
Depreciation	10,221	1,740	-	11,961
Total Buildings and Collections	125,957	-	-	-
Walker Collection	353	-	-	353
Gift Shop	241	-	-	241
Total Expenses	\$ 126,551	\$ 78,487	\$ 24,287	\$ 229,325

Beverly Historical Society
Statement of Changes in Net Assets
For the Years Ended September 30, 2010 (Reviewed) and 2009 (Audited)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets, September 30, 2008	\$ 2,562,679	\$ 60,640	\$ 89,691	\$ 2,713,010
Change in Net Assets	<u>(50,770)</u>	<u>(48,259)</u>	<u>47,507</u>	<u>(51,522)</u>
Net Assets, September 30, 2009	\$ 2,511,909	\$ 12,381	\$ 137,198	\$ 2,661,488
Change in Net Assets	<u>(5,573)</u>	<u>25,751</u>	<u>-</u>	<u>20,178</u>
Net Assets, September 30, 2010	<u>\$ 2,506,336</u>	<u>\$ 38,132</u>	<u>\$ 137,198</u>	<u>\$ 2,681,666</u>

Beverly Historical Society
Statement of Cash Flows
For the Years Ended September 30, 2010 (Reviewed) and 2009 (Audited)

	2010	2009
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 20,178	\$ (51,522)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) By Operating Activities:		
Depreciation	11,983	11,961
Net Realized and Unrealized (Gain) Loss on Investments	(38,417)	31,778
(Increase) Decrease In:		
Interest and Dividends Receivable	398	431
Bequest Receivable	-	41,487
Other Receivables	1,007	(1,007)
Prepaid Expenses	(1,830)	-
Inventory	(567)	(2,637)
Increase (Decrease) In:		
Accounts Payable and Accrued Expenses	1,946	8,779
Security Deposit Held	(1,148)	108
 Net Cash Provided (Used) By Operating Activities	 (6,450)	 39,378
 Cash Flows From Investing Activities:		
Proceeds From Sales and Maturities of Investments	159,721	76,097
Purchases of Investments	(98,890)	(146,593)
Purchases of Land, Building and Equipment	(5,396)	(37,205)
 Net Cash Provided (Used) By Investing Activities	 55,435	 (107,701)
 Net Increase (Decrease) in Cash and Cash Equivalents	 48,985	 (68,323)
 Cash and Cash Equivalents, Beginning of Year	 87,748	 156,071
 Cash and Cash Equivalents, End of Year	 \$ 136,733	 \$ 87,748

Beverly Historical Society
Notes to Financial Statements

For the Years Ended September 30, 2010 (Reviewed) and 2009 (Audited)

1. Nature of Activities

Beverly Historical Society (the "Society"), was organized in 1891 in Beverly, Massachusetts. Its mission is to collect, preserve, interpret and disseminate Beverly's regional history. The Society collects and exhibits materials illustrative of such history at three historical buildings located in Beverly, Massachusetts.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Society have been prepared on the accrual basis of accounting. Income is recognized when earned and expenses are recognized when the obligation is incurred.

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 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.

Cash and Cash Equivalents

Cash and cash equivalents include money market accounts and short-term securities. For the purpose of presentation in the statements of cash flows, the Society considers liquid temporary investments with original maturities of 90 days or less to be cash equivalents.

Cash and cash equivalents accounts at September 30 are as follows:

	2010	2009
Checking - Danversbank	\$ 14,826	\$ 769
Certificate of Deposit - Danversbank	5,277	12,667
Investment - Money Market	91,645	73,164
Checking - Beverly Cooperative Bank	24,985	-
Tenant Escrow	-	1,148
	<u>\$ 136,733</u>	<u>\$ 87,748</u>

Beverly Historical Society
Notes to Financial Statements - Continued
For the Years Ended September 30, 2010 (Reviewed) and 2009 (Audited)

2. Summary of Significant Accounting Policies - Continued

Investments

During 2009 the Society adopted Topic 820 of the FASB accounting standards codification (ASC) (formerly Financial Accounting Standards Board Statement No. 157 "Fair Value of Measurements" SFAS 157). Topic 820 defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. Topic 820 established a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value.

The three levels of the fair value framework under Topic 820 are as follows:

Level I: Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level II: Inputs other than quoted prices that are unobservable.

Level III: Inputs that are unobservable.

An investment's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

The Society's management values other investments, which are publicly traded, using observable, or level I inputs – the quoted price in an active market.

Adopting Topic 820 did not result in any change in the measurement of the carrying value of the Society's investments as they have been historically been recorded at fair market value.

Investing returns are reported as follows:

- as increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- as increases in temporarily restricted net assets if the terms of the gift or state law impose restrictions on the current use of the income or net gains; and
- as increases in unrestricted net assets, in all other cases.

The Attorney General of Massachusetts has issued written guidance that all gains on permanently restricted endowment funds that have not been appropriated in accordance with the law should be classified as temporarily restricted net assets unless otherwise restricted by the donor.

Beverly Historical Society
Notes to Financial Statements - Continued
For the Years Ended September 30, 2010 (Reviewed) and 2009 (Audited)

2. Summary of Significant Accounting Policies - Continued

Investments - Continued

State law allows the Board of Trustees to appropriate to funds for current operations, a percentage of net appreciation on permanently restricted net assets that is prudent considering the Society's long and short term needs, present and anticipated financial requirements, expected total return on the investments, price level trends, and general economic conditions. The Society's policy allows it to appropriate all investment returns on permanently restricted net assets to fund current operations while maintaining the original contribution as a permanently restricted net asset.

Inventory

Inventory consists of gift shop items and books and is stated at the lower of cost (first-in, first-out) or market.

Land, Buildings and Equipment

Land and buildings that are considered historical treasures are reported at a value established by a professional appraisal performed on May 30, 1986. No depreciation is taken on these assets. Improvements to the land and buildings, and expenditures for equipment are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The Society capitalizes all expenditures for land, buildings and equipment in excess of \$500.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor imposed restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 release from restrictions. Merchandise sales and admissions from the Museum store are recorded at the time of sale.

Gifts in-kind are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. Contributions of cash that must be used to acquire land, buildings and equipment are reported as restricted support. In

Beverly Historical Society
Notes to Financial Statements - Continued
For the Years Ended September 30, 2010 (Reviewed) and 2009 (Audited)

2. Summary of Significant Accounting Policies - Continued

Contributions - Continued

the absence of donor stipulations regarding how long those donated assets must be maintained, the Society reports expirations of donor restrictions when the acquired assets are placed in service as instructed by the donor. The Society reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

Donated services are recognized as contributions, if the services (a) create or enhance non-financial assets or (b) require specialized skills, and are performed by people with those skills, and would otherwise be purchased by the Society. The Society generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Society in carrying out its activities, which are not recognized as contributions in the financial statements.

Collections

Collection items acquired through purchases and contributions are not capitalized. Purchases of collection items are recorded as decreases in unrestricted net assets if purchased with unrestricted assets and as decreases in temporarily restricted net assets if purchased with donor-restricted assets. Contributions of collection items are not recognized in the Statement of Activities. Proceeds from de-accessions or insurance recoveries are reflected on the Statement of Activities based on the absence or existence and nature of donor-imposed restrictions. Proceeds from the sale of collections or insurance recoveries are required to be reinvested in other collection items.

Functional Allocation of Expenses

The costs of providing the Society's various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Financial Statements Presentation

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations. Board designated restrictions are considered unrestricted under these reporting standards.

Beverly Historical Society
Notes to Financial Statements - Continued
For the Years Ended September 30, 2010 (Reviewed) and 2009 (Audited)

2. Summary of Significant Accounting Policies - Continued

Financial Statements Presentation - Continued

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

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on retained investments for general or specific purposes.

Income Tax Status

The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Society's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Society qualifies for the charitable contribution deduction under Section 170(b)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

3. Advertising Costs

Advertising costs are expensed as incurred and amounted to \$545 and \$1,311, for the years ended September 30, 2010 and 2009, respectively.

4. Investments

Investments consist of the following at September 30:

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Losses)</u>
2010:			
U.S. Government Obligations	\$ 77,072	\$ 79,867	\$ 2,795
Corporate Bonds	85,515	90,028	4,513
Mutual Funds	246,110	285,451	39,341
Common Stocks	277,530	423,312	145,782
	<u>\$ 686,227</u>	<u>\$ 878,658</u>	<u>\$ 192,431</u>

Beverly Historical Society
Notes to Financial Statements - Continued
For the Years Ended September 30, 2010 (Reviewed) and 2009 (Audited)

4. Investments - Continued

	Amortized Cost	Fair Value	Unrealized Gain (Losses)
2009:			
U.S. Government Obligations	\$ 145,536	\$ 147,063	\$ 1,527
Corporate Bonds	85,516	88,480	2,964
Mutual Funds	250,513	266,535	16,022
Common Stocks	270,755	398,994	128,239
	<u>\$ 752,320</u>	<u>\$ 901,072</u>	<u>\$ 148,752</u>

Investment income for the years ended September 30, 2010 and 2009 consists of the following:

	2010	2009
Interest and Dividend Income	\$ 26,704	\$ 27,328
Net Realized and Unrealized Gains(Losses)	38,417	(31,778)
	<u>\$ 65,121</u>	<u>\$ (4,450)</u>

5. Land, Buildings and Equipment

Land, buildings and equipment consist of the following at September 30:

	2010	2009
Land and Buildings of Historical Significance	\$ 1,338,000	\$ 1,338,000
Building Improvements	416,861	413,861
Equipment	28,526	26,131
	<u>1,783,387</u>	<u>1,777,992</u>
Less Accumulated Depreciation	114,865	102,882
	<u>\$ 1,668,522</u>	<u>\$ 1,675,110</u>

Depreciation expense for the years ended September 30, 2010 and 2009 amounted to \$11,983 and \$11,961, respectively.

Beverly Historical Society
Notes to Financial Statements - Continued
For the Years Ended September 30, 2010 (Reviewed) and 2009 (Audited)

6. Concentration of Credit Risk

The Society's portfolio of common stocks, mutual funds and corporate bonds has a fair market value of \$798,791 at September 30, 2010, representing approximately 30% of its total assets. The fair market value of these investments is not federally insured and is subject to fluctuation.

From October 1, 2010 through December 31, 2010, the Society incurred unrealized gains of approximately 15% in its investment portfolio due to market increases.

7. Concentration of Contributions

The Society received approximately 30% of its total revenues and support from two donors.

8. Restricted Net Assets

Temporarily restricted net assets consisted of the following at September 30:

	2010	2009
Walker Fund	\$ 6,539	\$ 9,365
Collections and Acquisitions	2,042	3,016
Building Fund	543	-
Sickley Balch House	1,525	-
Bartlett Papers	1,500	-
Loring Archivist Grant	21,634	-
	<u>\$ 33,783</u>	<u>\$ 12,381</u>

Permanently restricted net assets consisted of the following at September 30:

	2010	2009
Balch House Fund	\$ 45,028	\$ 45,028
Combined Fund A	11,663	11,663
Massachusetts Historical Commission Endowment	11,000	11,000
Beverly Historical Development Fund	6,000	6,000
G.A.R. Fund	6,000	6,000
A.N. Clark Fund	5,000	5,000
Charles Galloupe Fund	5,000	5,000
Charles K. Dodge Fund	47,507	47,507
	<u>\$ 137,198</u>	<u>\$ 137,198</u>

Interest and dividend income from certain permanently restricted net assets above are restricted to maintenance and preservation of historical buildings, collections and the library. In 2010 and 2009, earned income was classified as unrestricted since the restriction was met in the same year the income was received.

Beverly Historical Society
Notes to Financial Statements - Continued
For the Years Ended September 30, 2010 (Reviewed) and 2009 (Audited)

9. Employee Benefit Plans

During the year ended September 30, 2010 the Society initiated a tax-sheltered annuity program for eligible employees under Internal Revenue Code Section 403(b). The Society will match employee contributions up to 5% of the employee's salary. An employee becomes eligible after working an average of at least eighteen hours per week for at least one year. Employer contributions amounted to \$349 and \$ - for the years ended September 30, 2010 and 2009.

10. Tax Positions and Filings

During 2009, the Society adopted Topic 740 of the FASB Accounting Standards Codification (ASC) relating to accounting for uncertainty in income taxes. As required by this topic, management of the Society has evaluated its tax positions, applying a "More Likely Than Not" standard, and believes that there would be no material changes to the results of its operations or financial position as a result of an audit by the applicable taxing authorities, federal or state. The Society has filed all of its known required returns in a timely manner after giving effect to extensions. Accordingly, management believes tax years 2007, 2008, and 2009, following administrative practice of the taxing authorities, remains open years and subject to review.

11. Related Party Transaction

The Society leased one of its properties to a member of the Board of Trustees under a tenant-at-will agreement which ended May 31, 2010. Rental income received from this agreement amounted to \$6,000 and \$8,250 for the years ended September 30, 2010 and 2009, respectively.

12. Subsequent Events

The Society did not have any subsequent events through January 19, 2011, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended September 30, 2010.