

Perkins School for the Blind
Financial Statements with Additional Information
June 30, 2010 and 2009

Perkins School for the Blind

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June 30, 2010 and 2009

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Report of Independent Auditors

To the Board of Trustees of
Perkins School for the Blind

In our opinion, the accompanying statements of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of Perkins School for the Blind (the "School") at 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. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Statement of Functional Expenses is presented for purposes of additional analysis and is 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.

PricewaterhouseCoopers LLP

October 28, 2010

Perkins School for the Blind
Statements of Financial Position
June 30, 2010 and 2009

	2010	2009
Assets		
Cash and cash equivalents	\$ 2,925,034	\$ 3,421,762
Accounts receivable, net of reserve of \$500,000 for 2010 and 2009, respectively	3,683,751	4,369,542
Interest and dividends receivable	18,238	43,295
Grants receivable	332,426	295,076
Pledges receivable, net (Note 2)	10,302,276	2,386,495
Other assets	1,060,290	860,906
Restricted Cash	19,093,502	-
Inventory, net (Note 3)	3,913,487	2,763,259
Investments, at market (Note 4)	206,047,340	188,465,884
Assets held by outside trusts (Note 6)	8,374,220	7,950,492
Land, buildings and equipment, net (Note 7)	48,979,069	38,433,315
Total assets	<u>\$ 304,729,633</u>	<u>\$ 248,990,026</u>
Liabilities and Net Assets		
Accounts payable	\$ 3,437,216	\$ 1,821,036
Accrued payroll and other liabilities	6,339,406	5,349,809
Note and Bond Payable (Notes 10 and 11)	40,000,000	10,000,000
Asset retirement obligation	528,529	503,361
Total liabilities	<u>50,305,151</u>	<u>17,674,206</u>
Commitments and contingencies (Note 12)		
Unrestricted net assets		
Undesignated	1,023,853	6,466,129
Designated for specific purpose	94,071,148	91,740,749
Net investment in plant	48,979,069	38,433,315
	<u>144,074,070</u>	<u>136,640,193</u>
Temporarily restricted net assets		
Designated for special purposes	54,193,239	40,506,731
Assets held by outside trusts	609,730	608,931
	<u>54,802,969</u>	<u>41,115,662</u>
Permanently restricted net assets		
Assets held by the School	47,782,953	46,218,404
Assets held by outside trusts	7,764,490	7,341,561
	<u>55,547,443</u>	<u>53,559,965</u>
Total net assets	<u>254,424,482</u>	<u>231,315,820</u>
Total liabilities and net assets	<u>\$ 304,729,633</u>	<u>\$ 248,990,026</u>

The accompanying notes are an integral part of these financial statements.

Perkins School for the Blind
Statements of Activities
Year Ended June 30, 2010 (with summarized comparative totals for the
Year Ended June 30, 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total
Operating					
Revenues and other support					
Tuition	\$ 28,656,129	\$ -	\$ -	\$ 28,656,129	\$ 30,005,773
Income from outside trusts	308,468	-	-	308,468	370,605
Library services	2,432,618	-	-	2,432,618	2,409,170
Private grants	1,943,620	-	-	1,943,620	1,618,224
Government grants	821,890	-	-	821,890	716,082
Annual donations	2,935,573	1,442,633	-	4,378,206	6,504,023
Sale of materials for the blind	7,616,655	-	-	7,616,655	5,463,647
Other governmental revenues	1,925,182	-	-	1,925,182	1,670,168
Other private revenues	948,436	-	-	948,436	912,634
Total operating revenues	47,588,571	1,442,633	-	49,031,204	49,670,326
Nonoperating assets transferred for operations	-	3,624,721	-	3,624,721	3,845,632
Net assets released and reclassified from restrictions	3,454,970	(3,624,721)	169,751	-	-
Total operating revenues and other support	51,043,541	1,442,633	169,751	52,655,925	53,515,958
Expenses					
Administration	7,279,432	-	-	7,279,432	7,360,951
Development	3,048,456	-	-	3,048,456	2,906,126
Total educational programs	35,281,098	-	-	35,281,098	35,515,817
Supporting services	15,019,966	-	-	15,019,966	15,668,333
Total operating expenses	60,628,952	-	-	60,628,952	61,451,227
Change in net assets from operating activities	(9,585,411)	1,442,633	169,751	(7,973,027)	(7,935,269)
Nonoperating					
Investment income	1,193,103	175,504	17,829	1,386,436	2,252,027
Gifts and legacies	2,975,183	9,333,557	1,371,597	13,680,337	3,526,784
Realized investment gains	25,347	52,656	1,512	79,515	132,055
Unrealized investment gains (losses)	12,899,049	6,223,470	8,875	19,131,394	(46,566,841)
Change in Value of Split Interest	(73,394)	84,208	417,914	428,728	(2,060,945)
Nonoperating assets used for operations	-	(3,624,721)	-	(3,624,721)	(3,845,632)
Change in net assets from nonoperating activities	17,019,288	12,244,674	1,817,727	31,081,689	(46,562,552)
Total change in net assets	7,433,877	13,687,307	1,987,478	23,108,662	(54,497,821)
Net assets, beginning of year	136,640,193	41,115,662	53,559,965	231,315,820	285,813,641
Net assets, end of year	<u>\$ 144,074,070</u>	<u>\$ 54,802,969</u>	<u>\$ 55,547,443</u>	<u>\$ 254,424,482</u>	<u>\$ 231,315,820</u>

The accompanying notes are an integral part of these financial statements.

Perkins School for the Blind
Statement of Activities
Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total
Operating				
Revenues and other support				
Tuition	\$ 30,005,773	\$ -	\$ -	\$ 30,005,773
Income from outside trusts	370,605	-	-	370,605
Library services	2,409,170	-	-	2,409,170
Private grants	1,618,224	-	-	1,618,224
Government grants	716,082	-	-	716,082
Annual donations	3,335,205	3,168,818	-	6,504,023
Sale of materials for the blind	5,463,647	-	-	5,463,647
Other governmental revenues	1,670,168	-	-	1,670,168
Other private revenues	912,634	-	-	912,634
Total operating revenues	46,501,508	3,168,818	-	49,670,326
Nonoperating assets transferred for operations	-	3,845,632	-	3,845,632
Net assets released from restrictions	3,845,632	(3,845,632)	-	-
Total operating revenues and other support	50,347,140	3,168,818	-	53,515,958
Expenses				
Administration	7,360,951	-	-	7,360,951
Development	2,906,126	-	-	2,906,126
Total educational programs	35,515,817	-	-	35,515,817
Supporting services	15,668,333	-	-	15,668,333
Total operating expenses	61,451,227	-	-	61,451,227
Change in net assets from operating activities	(11,104,087)	3,168,818	-	(7,935,269)
Nonoperating				
Investment income	1,827,727	393,728	30,572	2,252,027
Gifts and legacies	3,250,065	8,941	267,778	3,526,784
Realized investment gains	89,336	41,067	1,652	132,055
Unrealized investment gains (losses)	(19,626,242)	(26,923,394)	(17,205)	(46,566,841)
Change in Value of Split Interest	(101,759)	(175,866)	(1,783,320)	(2,060,945)
Nonoperating assets used for operations	-	(3,845,632)	-	(3,845,632)
Change in net assets from nonoperating activities	(14,560,873)	(30,501,156)	(1,500,523)	(46,562,552)
Total change in net assets	(25,664,960)	(27,332,338)	(1,500,523)	(54,497,821)
Net assets, beginning of year	162,305,153	68,448,000	55,060,488	285,813,641
Net assets, end of year	<u>\$ 136,640,193</u>	<u>\$ 41,115,662</u>	<u>\$ 53,559,965</u>	<u>\$ 231,315,820</u>

The accompanying notes are an integral part of the financial statements.

Perkins School for the Blind
Statements of Cash Flows
Years Ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities		
Change in net assets	\$ 23,108,662	\$ (54,497,821)
Adjustments to reconcile total change in net assets to net cash used by operations		
Depreciation expense	3,733,726	3,777,624
Disposal of property and equipment	14,568	10,297
Proceeds restricted for long-term investment	(1,371,597)	(190,055)
Interest and dividends restricted for long-term investment	(17,829)	(30,574)
Realized gain on investments	(79,515)	(131,781)
Unrealized investment (gain) loss	(19,131,394)	48,402,769
Change in value of outside trusts	(423,728)	35,556
Change in operating assets and liabilities		
Accounts receivable	685,791	(1,373,382)
Interest and dividends receivable	25,057	59,109
Grants receivable	(37,350)	217,773
Pledges receivable	(7,915,781)	(1,362,020)
Other assets	(199,384)	698,032
Inventory	(1,150,228)	(618,820)
Accounts payable	(325,636)	(241,047)
Asset retirement obligation	25,168	23,970
Accrued payroll and other liabilities	1,162,839	848,865
Net cash used by operating activities	<u>(1,896,631)</u>	<u>(4,371,505)</u>
Cash flows from investing activities		
Purchase of land, buildings and equipment	(12,352,231)	(3,667,266)
Proceeds from sales of investments	56,102,861	54,543,862
Purchase of investments	(54,473,409)	(39,772,321)
Change in restricted cash	(19,093,502)	-
Net cash (used) provided by investing activities	<u>(29,816,281)</u>	<u>11,104,275</u>
Cash flows from financing activities		
Payment of note payable	-	(5,000,000)
Contributions restricted for long-term investment	1,371,597	190,055
Interest and dividends restricted for long-term investment	17,829	30,574
Payments to annuitants	(173,242)	(138,125)
Proceeds from the issuance of debt	30,000,000	-
Net cash provided (used) by financing activities	<u>31,216,184</u>	<u>(4,917,496)</u>
Net (decrease) increase in cash	(496,728)	1,815,274
Cash and cash equivalents, beginning of year	3,421,762	1,606,488
Cash and cash equivalents, end of year	<u>\$ 2,925,034</u>	<u>\$ 3,421,762</u>
Supplemental data		
Total interest paid	\$ 200,000	\$ 266,667
Capitalized interest	521,250	-
Property and equipment included in accounts payable	2,418,207	476,391
Contributed Securities	18,870	36,649

The accompanying notes are an integral part of these financial statements.

Perkins School for the Blind

Notes to Financial Statements

June 30, 2010 and 2009

1. Significant Accounting Policies

Perkins School for the Blind (the "School") provides educational programs and services to individuals who are blind, deafblind or multi-impaired, and their parents and teachers. These services include the manufacturing and distribution of educational products for individuals who are blind, deafblind or multi-impaired. This function is an integral part of the School's operations.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting and present net assets and revenues, expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified as follows:

Unrestricted

Net assets which are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.

Temporarily Restricted

Net assets whose use is limited by law or donor-imposed stipulations that will either expire with the passage of time or be fulfilled or removed by actions of the School.

Permanently Restricted

Reflects the historical amount of gifts (and in certain circumstances, the earnings from those gifts), subject to donor-imposed stipulations, which require the corpus to be invested in perpetuity to produce income for general or specific purposes.

Revenues

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. Realized and unrealized gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. It is the School's current policy that realized and unrealized gains and losses, which have been restricted and classified as temporarily restricted net assets, are regarded as endowment. Expirations of temporary restrictions on net assets are classified as "net assets released from restrictions" in the Statement of Activities.

Nonoperating revenues include gifts and legacies, investment income, realized and unrealized gains on investments and changes in value of split interests during the year that are classified as unrestricted, temporarily restricted and permanently restricted. To the extent the restrictions on temporarily restricted gifts, legacies, investment income, and gains are not met within the year, they are classified as temporarily restricted. Subsequently, as the restrictions are met and used for operations, they are reclassified as "nonoperating assets used for operations" on the Statement of Activities. All other activity is classified as operating revenue.

Cash and Cash Equivalents

Cash equivalents consist of short-term highly liquid investments with maturities of 90 days or less at date of purchase.

Restricted Cash

Restricted cash consists of the balance of the proceeds of the Bond issued on February 12, 2010 for the construction project (Note 11).

Perkins School for the Blind

Notes to Financial Statements

June 30, 2010 and 2009

Contributions

Contributions, including assets held by outside trusts and unconditional pledges, are recognized as revenues in the period received. Conditional promises to give are not recorded until they become unconditional, that is when the conditions on which they depend are substantially met.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as unrestricted revenues.

Contributions of land, buildings and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets which a donor has stipulated be used to acquire land, building and equipment are reported as revenues of the temporarily restricted net asset class. The temporary restrictions are considered to be released at the time such long-lived assets are placed in service.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost if purchased or constructed, at replacement cost appraisal value for assets acquired prior to September 1, 1985, or at fair market or appraised value on the date of donation in the case of gifts.

Depreciation expense is computed on the straight-line basis using the following useful lives:

Automobiles	5 years
Furniture and equipment	3-7 years
Machinery and equipment	10 years
Building improvements	20 years
Buildings	27.5-40 years

Maintenance and repairs are expensed as incurred, and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation thereon are removed from the accounts, and gains or losses are included in operations.

Contracts and Grants

Revenues associated with exchange contracts and grants are recognized as the related costs are incurred. Expenses consist of direct costs incurred and related indirect costs are reimbursed under the terms and conditions of such agreements.

Donated Services

Revenues and expenses include the value of donated services which otherwise would have been performed by salaried personnel. The total donated services were valued at \$695,033 and \$665,136 in 2010 and 2009, respectively, and are classified as unrestricted revenue.

Expenses

The School receives tuition income from state and local agencies including cities and towns in the Commonwealth of Massachusetts based on established rates. These cities and towns are partially dependent on the Commonwealth of Massachusetts to provide sufficient local aid to assist them in supporting such educational programs. Tuition received from The Commonwealth of Massachusetts, Massachusetts local agencies, out of state agencies and private payors totaled \$249,092, \$19,824,218, \$8,434,357 and \$148,462 in 2010 and \$207,473, \$20,081,453, \$9,621,694 and \$95,153 in 2009, respectively.

Perkins School for the Blind

Notes to Financial Statements

June 30, 2010 and 2009

Expenses

Educational Program Expenses

Educational program expenses include expenses for education and services to individuals who are blind, deafblind or multi-impaired, severely impaired, early intervention and their parents and teachers.

Supporting Services Expenses

Supporting services expenses include expenses for the manufacture and distribution of educational products as well as for the library, outreach services, and certain grant expenses.

Functional Allocation of Expenses

The School used several different methods to allocate costs to the programs, administrative, supporting services and fundraising functions. Time and expense reports and after-the-fact determinations of effort were used to distribute salary and wage expenses. Other expenses were allocated using one of the following bases: salary and wages; student full-time equivalents; square footage, or some other appropriate base.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Conditional Asset Retirement Obligations

Asset retirement obligations ("ARO") are legal obligations associated with the retirement of long lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to the initial recognition, the School records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The School adjusts the ARO liabilities when the related obligations are settled. The asset retirement obligations were reported for the following amounts \$528,529 and \$503,361 for 2010 and 2009, respectively, in the statement of financial position.

Fair Value of Financial Instruments

The fair value of the School's student accounts receivable, accounts payable and accrued expenses approximates the carrying value due to their short maturities.

Tax Status

The school is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code.

Reclassifications

Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 presentation.

Perkins School for the Blind
Notes to Financial Statements
June 30, 2010 and 2009

2. Pledges Receivable

Pledges receivable as of June 30, 2010 and 2009 are expected to be realized in the following time frame:

	2010	2009
One year or less	\$ 3,258,062	\$ 1,019,819
Between one year and eight	8,130,000	1,735,000
Less discount	<u>(1,085,786)</u>	<u>(368,324)</u>
Pledges receivables, net	<u>\$ 10,302,276</u>	<u>\$ 2,386,495</u>

Pledges are recorded after discounting to the present value of future cash flows.

3. Inventory

Inventories, which include work in progress and finished goods related to the production of braille, appliances and other products are stated at the lower of cost (first-in, first-out method) or market.

The components of inventory at June 30, 2010 and 2009 include the following:

	2010	2009
Raw material	\$ 1,498,440	\$ 887,089
Work in progress	2,140,654	1,945,895
Finished goods	324,393	80,275
Inventory reserve	<u>(50,000)</u>	<u>(150,000)</u>
Net inventory	<u>\$ 3,913,487</u>	<u>\$ 2,763,259</u>

Perkins School for the Blind

Notes to Financial Statements

June 30, 2010 and 2009

4. Investments

Effective July 1, 2008, the School adopted Accounting Standards Codification 820, *Fair Value Measurements* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement data.

ASC 820 establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the School for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Perkins School for the Blind
Notes to Financial Statements
June 30, 2010 and 2009

The following table presents the financial instruments carried at fair value as of June 30, 2010, by caption on the statement of financial position by the ASC 820 valuation hierarchy defined above:

	Quotes Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Investments				
Cash and cash equivalents	\$ 14,626,215	\$ -	\$ -	\$ 14,626,215
Fixed Income Securities	9,128,250	-	-	9,128,250
Common and preferred stocks	19,601,618	-	-	19,601,618
Mutual funds	33,794,503	-	-	33,794,503
Real Estate	-	-	9,625,671	9,625,671
Private Equity	-	49,405,806	21,721,199	71,127,005
Hedge	-	28,531,720	19,612,358	48,144,078
Total Investments	<u>\$ 77,150,586</u>	<u>\$77,937,526</u>	<u>\$ 50,959,228</u>	<u>\$206,047,340</u>
Beneficial interest held by third-party	-	-	8,374,220	8,374,220
Total assets at fair value	<u>\$ 77,150,586</u>	<u>\$ 77,937,526</u>	<u>\$ 59,333,448</u>	<u>\$ 214,421,560</u>

The following table presents the financial instruments carried at fair value as of June 30, 2009, by caption on the statement of financial position by the ASC 820 valuation hierarchy defined above:

	Quotes Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Investments				
Cash and cash equivalents	\$ 2,290,296	\$ -	\$ -	\$ 2,290,296
Fixed Income Securities	8,423	-	-	8,423
Common and preferred stocks	17,119,440	-	-	17,119,440
Mutual funds	48,765,884	-	-	48,765,884
Real Estate	-	-	9,022,663	9,022,663
Private Equity	-	-	66,827,450	66,827,450
Hedge	-	-	44,431,728	44,431,728
Total Investments	<u>\$ 68,184,043</u>	<u>\$ -</u>	<u>\$ 120,281,841</u>	<u>\$188,465,884</u>
Beneficial interest held by third-party	-	-	7,950,492	7,950,492
Total assets at fair value	<u>\$ 68,184,043</u>	<u>\$ -</u>	<u>\$ 128,232,333</u>	<u>\$ 196,416,376</u>

Perkins School for the Blind

Notes to Financial Statements

June 30, 2010 and 2009

Following is a description of the School's valuation methodologies for assets and liabilities measured at fair value.

Fair value for Level 1 is based upon quoted prices in active markets that the School has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets. The School does not adjust the quoted price for such assets and liabilities.

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers.

Fair value for Level 3, is based on valuation techniques that use significant inputs that are unobservable as they trade infrequently or not at all.

Investments included in Level 3 primarily consists of the School's ownership in alternative investments (principally limited partnership interests in hedge, private equity, real estate, and other similar funds) The value of certain alternative investments (as defined on the American Institute of Certified Public Accountants' document, *A Practice Guide for Auditors: Alternative Investments-Audit Consideration*) represents the ownership interest in the net asset value (NAV) of the respective partnership. Approximately 68% of investments held by the partnerships consist of marketable securities and 32% are securities that do not have readily determinable fair values. The fair values (NAV) of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on appraisals, or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. The School has performed significant due diligence around these investments to ensure NAV is an appropriate measure of fair value as of June 30, 2010.

Beneficial and perpetual trusts held by 3rd parties are valued at the present value of the future distributions expected to be received over the term of the agreement.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the School believes its valuation methods are 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 estimate of fair value at the reporting date.

Perkins School for the Blind
Notes to Financial Statements
June 30, 2010 and 2009

The following table is a rollforward of the statement of financial position amounts for financial instruments classified by the School within Level 3 of the fair value hierarchy defined above as of June 30, 2010:

	Fair Value July 1, 2009	Realized/Unrealized Gains/(losses)	Net Purchases, Sales, Settlements	Reclassifications	Fair Value June 30 ,2010
Real Estate	\$ 9,022,663	\$ (1,604,877)	\$ 2,207,885	\$ -	\$ 9,625,671
Private Equity	66,827,450	9,622,019	(5,322,464)	(49,405,806)	21,721,199
Hedge	44,431,728	5,654,351	(1,942,001)	(28,531,720)	19,612,358
Other	-	-	-	-	-
Total Investments	\$ 120,281,841	\$ 13,671,493	\$ (5,056,580)	\$ (77,937,526)	\$ 50,959,228
Beneficial Interest held by 3rd Party	7,950,492	392,478	31,250	-	8,374,220
Total Investments	\$ 128,232,333	\$ 14,063,971	\$ (5,025,330)	\$ (77,937,526)	\$ 59,333,448

The following table is a rollforward of the statement of financial position amounts for financial instruments classified by the School within Level 3 of the fair value hierarchy defined above as of June 30, 2009:

	Fair Value July 1, 2008	Realized/Unrealized Gains/(losses)	Net Purchases, Sales, Settlements	Fair Value June 30 ,2009
Real Estate	\$ 9,061,554	\$ (1,122,778)	\$ 1,083,887	\$ 9,022,663
Private Equity	85,258,518	(20,845,383)	2,414,315	66,827,450
Hedge	47,771,916	(5,822,428)	2,482,240	44,431,728
Other	16,439,292	(2,590,892)	(13,848,400)	-
Total Investments	\$ 158,531,280	\$ (30,381,481)	\$ (7,867,958)	\$ 120,281,841
Beneficial Interest held by 3rd Party	9,821,978	(1,705,597)	(165,889)	7,950,492
Total Investments	\$ 168,353,258	\$ (32,087,078)	\$ (8,033,847)	\$ 128,232,333

All net realized and unrealized gains/(losses) in the table above are reflected in the accompanying statement of activities. Net unrealized gains/(losses) relate to those financial instruments held by the School at June 30, 2010 and 2009.

For purposes of recording realized and unrealized gains and losses, the cost of securities sold is determined on a specific identification basis. Special investments are investments that due to donor intentions must be invested separately from the general funds. The general fund is a pooled investment fund.

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As of June 30, 2010 investments and investment returns were as follows:

	General	Special	Total
Cost			
Cash equivalents	\$ 12,747,180	\$ 1,879,035	\$ 14,626,215
Stocks and mutual funds	60,374,326		60,374,326
Bonds	8,525,266		8,525,266
Alternative investments	<u>114,179,617</u>		<u>114,179,617</u>
	<u>\$ 195,826,389</u>	<u>\$ 1,879,035</u>	<u>\$ 197,705,424</u>
Market			
Cash equivalents	\$ 12,747,180	\$ 1,879,035	\$ 14,626,215
Stocks and mutual funds	53,396,121		53,396,121
Bonds	9,128,250		9,128,250
Alternative investments	<u>128,896,754</u>		<u>128,896,754</u>
Total investments	<u>\$ 204,168,305</u>	<u>\$ 1,879,035</u>	<u>\$ 206,047,340</u>
Investment Return			
(Decrease) in unrealized appreciation	\$ 19,131,394		\$ 19,131,394
Net realized gains (losses)	79,515		79,515
Investment income	<u>1,383,671</u>	<u>2,765</u>	<u>1,386,436</u>
Total investment return (loss)	<u>\$ 20,594,580</u>	<u>\$ 2,765</u>	<u>\$ 20,597,345</u>

As of June 30, 2009 investments and investment returns were as follows:

	General	Special	Total
Cost			
Cash equivalents	\$ 1,475,139	\$ 815,157	\$ 2,290,296
Stocks and mutual funds	77,072,300		77,072,300
Bonds	8,867		8,867
Alternative investments	<u>119,883,898</u>		<u>119,883,898</u>
	<u>\$ 198,440,204</u>	<u>\$ 815,157</u>	<u>\$ 199,255,361</u>
Market			
Cash equivalents	\$ 1,475,139	\$ 815,157	\$ 2,290,296
Stocks and mutual funds	65,885,324		65,885,324
Bonds	8,423		8,423
Alternative investments	<u>120,281,841</u>		<u>120,281,841</u>
Total investments	<u>\$ 187,650,727</u>	<u>\$ 815,157</u>	<u>\$ 188,465,884</u>
Investment Return			
(Decrease) in unrealized appreciation	\$ (46,566,841)		\$ (46,566,841)
Net realized gains (losses)	132,524	(469)	132,055
Investment income	<u>2,240,521</u>	<u>11,506</u>	<u>2,252,027</u>
Total investment return (loss)	<u>\$ (44,193,796)</u>	<u>\$ 11,037</u>	<u>\$ (44,182,759)</u>

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The fair values of alternative investments are represented by the net asset value of the partnership. The objective of these investments is to generate long term returns significantly higher than public equity markets on a risk adjusted basis. Redemption terms for those investments in Level 2 and Level 3 valued at net asset value consist of the following as of June 30, 2010:

	Real Estate	Private Equity	Hedge	Total Investments
Redemption Terms				
Within 30 Days	\$ -	\$ -	\$ -	\$ -
Monthly (30-60 days w ritten notice)		19,092,994	3,249,855	22,342,849
Quarterly (30-90 days w ritten notice)		30,312,812	25,281,865	55,594,677
Semi-Annually/Annually (30-180 days w ritten notice)		6,082,640	19,612,358	25,694,998
1-5 years	4,414,937	63,081		4,478,018
6-10 years	3,298,709	11,245,835		14,544,544
10-15 years	1,912,025	4,329,643		6,241,668
Fair Value June 30, 2010	<u>\$ 9,625,671</u>	<u>\$ 71,127,005</u>	<u>\$ 48,144,078</u>	<u>\$ 128,896,754</u>

As a result of new guidance related to estimated fair value of investments, certain investments which can be redeemed in the near term have been classified to level 2 in 2010.

In connection with the investments in certain limited partnership agreements, the School has an additional \$12,526,446 and \$15,079,469 committed for calls as of June 30, 2010 and 2009, respectively, which are scheduled to be funded over a number of years.

The School may have exposure to derivative financial instruments through its mutual fund investments and alternative investments. Derivatives, such as forward foreign currency and future contracts, are used by the funds to hedge against risk.

Investment management fees of \$2,742,227 and \$2,674,599 are offset against net realized and unrealized gains for fiscal years 2010 and 2009, respectively.

Perkins School for the Blind

Notes to Financial Statements

June 30, 2010 and 2009

5. Endowments and Net Assets

The School's endowment consists of approximately 100 individual donor restricted endowment funds and board designated funds functioning as endowment funds. These funds are for a variety of purposes plus the following where the assets have been designated for endowment: pledges receivables, split interest agreements, and other net assets. The net assets associated with endowment funds including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Board of Trustees of the School has interpreted the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) as requiring the preservation 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 School 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 of the School in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate endowment funds:

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

Perkins School for the Blind
Notes to Financial Statements
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The School had the following endowment activities during the year ended June 30, 2010 and June 30, 2009 delineated by net asset class and donor-restricted versus Board-designated funds

Endowment and net asset composition by type of fund as of June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 1,337,347	\$ 42,677,956	\$ 47,782,953	\$ 91,798,256
Loan Fund	600,000	(2,434,264)	-	(1,834,264)
Assets held by Outside Trusts	-	609,730	7,764,490	8,374,220
Net Investment in Plant	48,979,069	-	-	48,979,069
Board-designated funds	91,177,686	-	-	91,177,686
Donor-restricted funds	<u>1,979,968</u>	<u>13,949,547</u>	<u>-</u>	<u>15,929,515</u>
Total endowment and net asset funds	<u>\$ 144,074,070</u>	<u>\$ 54,802,969</u>	<u>\$ 55,547,443</u>	<u>\$ 254,424,482</u>

Endowment and net asset composition by type of fund as of June 30, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 953,798	\$ 38,126,965	\$ 46,218,404	\$ 85,299,167
Loan Fund	866,667	(2,649,301)	-	(1,782,634)
Assets held by Outside Trusts	-	608,931	7,341,561	7,950,492
Net Investment in Plant	38,433,315	-	-	38,433,315
Board-designated funds	91,740,749	-	-	91,740,749
Donor-restricted funds	1,417,894	5,029,067	-	6,446,961
Undesignated funds	<u>3,227,770</u>	<u>-</u>	<u>-</u>	<u>3,227,770</u>
Total endowment and net asset funds	<u>\$ 136,640,193</u>	<u>\$ 41,115,662</u>	<u>\$ 53,559,965</u>	<u>\$ 231,315,820</u>

Perkins School for the Blind
Notes to Financial Statements
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Changes in endowment and net assets for the year ended June 30, 2010 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment and net assets				
beginning of year	\$ 136,640,193	\$ 41,115,662	\$ 53,559,965	\$ 231,315,820
Investment return				
Investment income	1,193,103	175,504	17,829	1,386,436
Net realized	25,347	52,656	1,512	79,515
Net unrealized	12,899,049	6,223,470	8,875	19,131,394
Total investment return	<u>14,117,499</u>	<u>6,451,630</u>	<u>28,216</u>	<u>20,597,345</u>
Gifts	2,975,183	9,333,557	1,371,597	13,680,337
Restricted annual donations		1,442,633		1,442,633
Change in value of Split Interest	(73,394)	84,208	417,914	428,728
Appropriation of net assets for expenditure	(13,040,381)			(13,040,381)
Net assets released and reclassified from restriction	<u>3,454,970</u>	<u>(3,624,721)</u>	<u>169,751</u>	<u>-</u>
Endowment and net assets, end of year	<u>\$ 144,074,070</u>	<u>\$ 54,802,969</u>	<u>\$ 55,547,443</u>	<u>\$ 254,424,482</u>

Changes in endowment and net assets for the year ended June 30, 2009 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment and net assets				
beginning of year	\$ 162,305,153	\$ 68,448,000	\$ 55,060,488	\$ 285,813,641
Investment return				
Investment income	1,827,727	393,728	30,572	2,252,027
Net realized	89,336	41,067	1,652	132,055
Net unrealized	(19,626,242)	(26,923,394)	(17,205)	(46,566,841)
Total investment return	<u>(17,709,179)</u>	<u>(26,488,599)</u>	<u>15,019</u>	<u>(44,182,759)</u>
Gifts	3,250,065	8,941	267,778	3,526,784
Restricted annual donations	-	3,168,818		3,168,818
Change in value of Split Interest	(101,759)	(175,866)	(1,783,320)	(2,060,945)
Appropriation of net assets for expenditure	(14,949,719)	-	-	(14,949,719)
Net assets released from restriction	<u>3,845,632</u>	<u>(3,845,632)</u>	<u>-</u>	<u>-</u>
Endowment and net assets, end of year	<u>\$ 136,640,193</u>	<u>\$ 41,115,662</u>	<u>\$ 53,559,965</u>	<u>\$ 231,315,820</u>

Perkins School for the Blind
Notes to Financial Statements
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Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets

Permanently Restricted Net Assets

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by Massachusetts UPMIFA:

	2010	2009
Endowment Permanently Restricted Net Assets		
Faculty	\$ 1,548,485	\$ 1,548,485
General (including Program)	45,813,820	44,280,501
Students	<u>420,648</u>	<u>389,418</u>
Endowment Permanently Restricted Net Assets	47,782,953	46,218,404
Outside trust	<u>7,764,490</u>	<u>7,341,561</u>
Total endowment and net assets classified as permanently restricted net assets	<u>\$ 55,547,443</u>	<u>\$ 53,559,965</u>

Temporarily Restricted Net Assets

	2010	2009
Endowment Temporarily Restricted Net Assets		
Facilities	\$ 3,697,636	\$ 5,452,018
Faculty	512,063	415,707
General (including Program)	36,471,705	30,056,713
Students	<u>1,996,552</u>	<u>2,202,527</u>
Endowment Temporarily Restricted Net Assets	42,677,956	38,126,965
Loan - Program	(2,434,264)	(2,649,301)
Gifts - Donor specified	13,949,547	5,029,067
Outside trust - General	<u>609,730</u>	<u>608,931</u>
Total endowment and net assets classified as temporarily restricted net assets	<u>\$ 54,802,969</u>	<u>\$ 41,115,662</u>

Endowment Funds with Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of temporarily restricted net assets. Deficits of this nature reported in temporarily restricted net assets were \$125,045 and \$786,821 as of June 30, 2010 and 2009, respectively. These deficits resulted from unfavorable market fluctuations authorized appropriation that was deemed prudent.

Return Objectives and Risk Parameters

The School's endowment investment and spending activities attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The

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School expects its endowment funds over time, to provide an average rate of return of approximately 8.0 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Investment Objectives

To achieve its long-term rate of return objectives, the School relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The School targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Endowment Spending Allocation and Relationship to the School's Budget Process and Investment Objectives

The Board of Trustees of the School determines the method to be used to appropriate endowment funds for expenditure. The School determines its endowment allocation for its Budget in May for the following fiscal year. Calculations are performed for the endowment funds at a rate determined by the Board of the rolling 12 quarter average market value. The corresponding calculated spending allocations are distributed in equal quarterly installments on the first day of each quarter from the current net total or accumulated net total investment returns from the endowment funds. In establishing the budget, the Board considered the expected long term rate of return on its endowment.

6. Assets Held by Outside Trusts

Assets held by outside trusts are funds designated to continue in trust with income to be received by the School as beneficiary. During the fiscal years 2010 and 2009, the School recorded approximately \$308,468 and \$370,605 of interest income and \$355,598 and (\$1,705,597) of unrealized gains and losses, respectively, from these outside trusts. The value of split interest agreements held by outside trust increased (decreased) \$68,130 and (\$165,889) for the fiscal years 2010 and 2009, respectively. The changes represent realized and unrealized gains and losses, as well as additions and dissolutions. The current market value of the School's share of these trusts as reported by the outside trustees, at the latest market valuation dates, was \$8,374,220 and \$7,950,492 as of June 30, 2010 and 2009, respectively.

7. Land, Buildings and Equipment

Land, buildings and equipment consisted of the following as of June 30, 2010 and 2009:

	2010	2009
Land and buildings	\$ 27,084,480	\$ 27,084,480
Building improvements	62,979,720	61,250,884
Furniture and equipment	16,430,986	15,982,896
Construction in progress	17,063,082	5,003,793
Machinery	3,995,854	3,952,589
Automobiles	957,246	957,246
Total	<u>128,511,368</u>	<u>114,231,888</u>
Less: Accumulated depreciation	<u>(79,532,299)</u>	<u>(75,798,573)</u>
	<u>\$ 48,979,069</u>	<u>\$ 38,433,315</u>

Perkins School for the Blind

Notes to Financial Statements

June 30, 2010 and 2009

Depreciation expense for the years ended June 30, 2010 and 2009 was \$3,733,726 and \$3,777,624, respectively. During the fiscal years ended 2010 and 2009, several assets were sold, resulting in losses of \$14,568 and \$10,297, respectively.

Interest expense capitalized was \$521,250 and \$0 for the years ended June 30, 2010 and 2009, respectively.

8. Retirement Plan

The Retirement Plan (the "Plan") qualifies under code sections 401(a), 501(a), and 404(c) of the Internal Revenue Code. The Plan has discretionary basic contributions and supplemental discretionary contributions.

Employees with a year of continuous service who work 500 or more hours qualify for the discretionary basic contributions of the Plan. Contributions are determined annually by the Board of Trustees based on a percentage of eligible gross salary. The School contributed 3.5% and 4.5% of eligible employees' salaries to the Plan in 2010 and 2009, respectively. Total pension expense for the years ended June 30, 2010 and 2009 was \$919,416 and \$1,122,781, respectively, for the discretionary basic portion of the Plan.

The supplemental discretionary contributions of the Plan are made by the School based on employees' years of service. Total pension expense under this portion of the Plan for the years ended June 30, 2010 and 2009 was \$1,227,692 and \$1,493,363, respectively.

9. Conrad N. Hilton Foundation Grant

In 1989, the Hilton/Perkins Program (the "Program") was established with a five-year grant from the Conrad N. Hilton Foundation (the "Foundation"). The purpose of the Program is to develop programs for the multi-handicapped blind individuals and their parents and teachers. In 1994, 1999, 2004 and 2009 the Foundation approved additional five-year grants for the purpose of continuing the Program and establishing the Conrad N. Hilton Endowment Fund at Perkins. In 2009, a five-year grant of \$5,000,000 was approved and payments of \$1,750,000 were received in FY10.

10. Conrad N. Hilton Foundation Loan

The The Foundation approved a \$15,000,000 loan in support of the Hilton/Perkins Program (the "Program"). The terms of the agreement initially included payment in three installments of \$5,000,000 every five years beginning March 1, 1994. The loan, which proceeds are to be invested was originally set to mature March 1, 2009. The terms of the loan agreement were modified on September 24, 2008 to repay \$5,000,000 of the loan on March 1, 2009 and to extend the remaining balance of the loan until March 1, 2014. The total Conrad N. Hilton Foundation loan as of June 30, 2010 and 2009 was \$10,000,000.

Interest is payable quarterly to the Foundation at a rate of 2% per annum: a total of \$200,000 and \$266,667 was expensed during the years ended June 30, 2010 and 2009. According to the terms of the loan agreement, net investment returns between 2% and 6% should be distributed to Program to meet operating expenses. Returns above the 6% (on a five-year cumulative basis) are required to be added to the Hilton Endowment.

Perkins School for the Blind
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The Foundation modified the terms of the agreement in 1998 such that the accumulated return above 6% at November 1, 1998 from the initial \$5,000,000 loan could be used for the Hilton/Perkins Braille Subsidy Program. The purpose of the Hilton/Perkins Braille Subsidy Program is to subsidize the cost of braille to individuals in developing countries.

11. Bond Payable

The Massachusetts Development Finance Agency issued thirty million in Revenue Bonds, Perkins School for the Blind Issue, Series 2010. On February 12, 2010, these Bonds, maturing in 2035, were issued at a fixed rate of 4.5% for 15 years with a 25 year amortization schedule. The bond is subject to mandatory tender by the Bondowner on February 1, 2025. The Bondowner is TD BANK. The School has covenants of banking relationships, ratios and reporting requirements during each year. It has met all of its covenants. The proceeds are for the Lower School Project and a Central Cooling Plant, (Construction Project). The Construction Project is for a new lower school classroom building, renovation of residences at the lower School, and renovation of areas for other uses of the School, including a new Central Chilling Plant that will have the capacity to potentially air condition the entire School. In accordance with the guidance of Accounting Standard Codification 835-20 on "Capitalized Interest", the School has capitalized its interest on the Bonds during the construction period. During the first eighteen months, the School is obligated to pay interest only on the bonds. As of June 30, 2010, the outstanding bond is \$30,000,000 of long term debt, with the following required principal payments:

Period due	2010
June 30, 2010	\$ -
June 30, 2011	-
June 30, 2012	475,632
June 30, 2013	501,565
June 30, 2014	524,935
June 30, 2015 and thereafter	<u>28,497,868</u>
Total	30,000,000

12. Commitments and Contingencies

During 1992, in connection with the removal of several oil tanks, the School discovered contaminated soil. At this time, it is not possible for management to reasonably estimate the costs associated with this contamination

At June 30, 2010 and 2009, the School has outstanding construction/engineering contracts of approximately \$23,586,611 and \$0, respectively.

13. John Milton Society

In 2010 and 2009 the School received \$188 and \$280 related to gifts, respectively. According to a New York court ruling, the John Milton Society unrestricted net assets are to be used by Perkins School for the Blind and the restricted net assets should be used for the restricted purposes originally designated by the donors. Accordingly, the assets received from the John Milton Society have been recorded as a temporarily and permanently restricted contribution. There were no inter-company transactions during the fiscal year.

Perkins School for the Blind

Notes to Financial Statements

June 30, 2010 and 2009

14. Kilimanjaro Blind Trust, Inc.

On December 12, 2006, the Kilimanjaro Blind Trust, Inc. was incorporated as a 501(c)(3) organization. Its mission is to raise funds to support Perkins School for the Blind. During the fiscal years ended June 30, 2010 and 2009, the Kilimanjaro Blind Trust raised \$60,942 and \$1,014,268, respectively, in gifts and pledges. There were no intercompany transactions during the fiscal year.

15. Related Parties

The following related party transactions occurred during the years ended June 30, 2010 and 2009:

The School paid the law firm of Choate, Hall & Stewart a total \$56,677 and \$49,953 during 2010 and 2009 respectively. One Board member and one officer of the School are each partners at Choate, Hall & Stewart.

The School paid Fiduciary Trust Company \$62,280 and \$18,000 for its services as Custodian and services of the treasurer's office and \$63,837 and \$18,000 for the Custodian and services of the treasurer's office functions in 2010 and 2009 respectively. During 2010, a board member who is also an officer of the School is a Director and a Vice President of Fiduciary Trust Company. In addition, another officer of the School is a Vice President of Fiduciary Trust Company. During 2009 one of the School's board members was a Director of Fiduciary Trust Company, and also an officer of the School. Another board member who is also an officer of the School is a Director and A Vice President of Fiduciary Trust Company. In addition another officer of the School is a Vice President of Fiduciary Trust Company.

During the fiscal year ended June 30, 2010, the School's investments with Westfield Capital Management was \$10,841,366 that included investment income of \$143,915, gains of \$874,044 and management fees paid of \$75,352. During the fiscal year ended June 30, 2009 the School investments were \$10,042,674 that included investment losses of (\$5,313,474) and management fees of \$73,890 paid to Westfield Capital Management. A Director of Westfield Capital Management serves as a volunteer on the School's investment committee.

As of June 30, 2010 and 2009 \$21,579 and \$3,005, respectively, was due to a related party.

16. Subsequent Events

The School adopted Accounting Standard Codification 855, *Subsequent Events* ("ASC 855"), as of the year ended June 30, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued and requires disclosure of the date through which an entity has evaluated subsequent events. Subsequent to June 30, 2010, the School signed a contract to build the Grousbeck Center for Students and Technology for approximately \$10,000,000. Subsequent events for the fiscal year 2010 have been evaluated through October 28, 2010, the date the audited financial statements were issued and concluded that there were no additional events that would require adjustment to the audited financial statements or disclosure in the notes to the audited financial statements.

Additional Information

**Perkins School for the Blind
Statement of Functional Expenses**

Year Ended June 30, 2010 With Summarized Financial Information for the Year Ended June 30, 2009

Functional Expense Classifications	Program Expenses			Administration	Development	Total Expenses
	Educational Programs	Supporting Services	Total Program Expenses			2010
Employee compensation & related expenses	\$ 27,261,338	\$ 6,120,975	\$ 33,382,313	\$ 4,301,054	\$ 1,969,212	\$ 39,652,579
Occupancy	2,831,217	563,678	3,394,895	760,106	152,228	4,307,229
Other program/operating expense	2,262,528	5,817,828	8,080,356	305,558	174,583	8,560,497
Subcontract expense	27,325	943,651	970,976	-	314,792	1,285,768
Direct administrative expense	30,741	1,042,321	1,073,062	1,509,669	394,893	2,977,624
Other expense	87,529	18,000	105,529	6,000	-	111,529
Depreciation of buildings and equipment	2,780,420	513,513	3,293,933	397,045	42,748	3,733,726
Total Expenses	<u>35,281,098</u>	<u>15,019,966</u>	<u>50,301,064</u>	<u>7,279,432</u>	<u>3,048,456</u>	<u>60,628,952</u>
Total 2009	<u>35,515,817</u>	<u>15,668,333</u>	<u>51,184,150</u>	<u>7,360,951</u>	<u>2,906,126</u>	<u>61,451,227</u>