

**FINANCIAL REPORT**  
**MISSION ROAD**  
**DEVELOPMENTAL CENTER**  
**JUNE 30, 2009**

## TABLE OF CONTENTS

	PAGE
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses:	
For the Year Ended June 30, 2009	5
For the Year Ended June 30, 2008	6
Notes to Financial Statements	7

Carneiro, Chumney & Co., L.C.

CERTIFIED PUBLIC ACCOUNTANTS

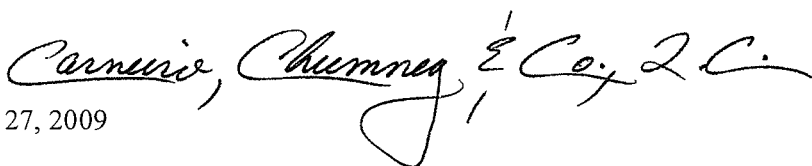
**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
Mission Road Developmental Center  
San Antonio, Texas

We have audited the accompanying statements of financial position of the Mission Road Developmental Center (the Center) as of June 30, 2009 and 2008, and the statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with United States generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2009 and 2008, and the results of its activities, and cash flows for the years then ended, in conformity with United States generally accepted accounting principles.



October 27, 2009

-1-

**MISSION ROAD DEVELOPMENTAL CENTER**

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2009 AND 2008

	2009	2008
<b>ASSETS</b>		
Current Assets:		
Cash	3,549,859	1,956,273
Accounts Receivable:		
Contributions receivable	442,250	1,009,450
Tuition and expense reimbursements - net of allowance of \$9,970 in 2009 and \$5,425 in 2008	780,951	770,583
Affiliate	327,484	198,562
Other	2,563	55
Investments (costs of \$825,432 in 2009 and \$878,918 in 2008)	897,768	884,720
Prepaid expenses and other assets	29,194	24,489
Total Current Assets	<u>6,030,069</u>	<u>4,844,132</u>
Fixed Assets:		
Land, buildings, and equipment - net of accumulated depreciation of \$3,187,416 in 2009 and \$2,975,881 in 2008	3,530,709	3,647,499
Construction in progress	1,424,789	87,275
Net Fixed Assets	<u>4,955,498</u>	<u>3,734,774</u>
Other asset - affiliate note receivable	250,000	500,000
TOTAL ASSETS	<u>11,235,567</u>	<u>9,078,906</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts Payable:		
Trade	806,505	270,588
Affiliate	92,234	90,164
Accrued retirement contribution	52,427	50,283
Accrued salary expenses	330,963	358,987
Total Current Liabilities	<u>1,282,129</u>	<u>770,022</u>
Commitments and contingencies - notes 10 and 14		
Net Assets:		
Unrestricted:		
General operations	1,886,846	2,245,137
Board designated	47,725	47,725
Net investment in fixed assets	4,867,104	3,646,380
Total Unrestricted	<u>6,801,675</u>	<u>5,939,242</u>
Restricted:		
Temporarily	3,063,369	2,281,248
Permanently	88,394	88,394
Total Restricted	<u>3,151,763</u>	<u>2,369,642</u>
Total Net Assets	<u>9,953,438</u>	<u>8,308,884</u>
TOTAL LIABILITIES AND NET ASSETS	<u>11,235,567</u>	<u>9,078,906</u>

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

**MISSION ROAD DEVELOPMENTAL CENTER**

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Unrestricted:		
Revenue, Gains, and Other Support:		
Contributions:		
Individuals	12,780	17,323
Corporations	84,303	--
Foundations	99,175	--
Affiliate	358,711	505,000
United Way allocation -		
Net of fundraising expenses of \$20,434		
in 2009 and \$22,356 in 2008	539,409	509,930
Special events -		
Net of direct expenses of \$5,231 in 2009 and \$1,844 in 2008	12,657	11,587
Governmental Support:		
Nutrition program	44,624	65,433
Program service fees and tuition	7,532,455	7,291,540
Private program service fees and tuition	788,208	718,084
Interest	72,736	81,208
Miscellaneous	10,002	6,172
Net investment realized and unrealized (losses)	(28,349)	(45,952)
(Loss) on disposal of fixed assets	(561)	(6,508)
Net Assets Released from Restrictions:		
Camps and SOAR	115,008	105,663
Fixed asset purchases	741,918	50,699
Other program services	37,802	21,469
Total Revenue, Gains, and Other Support	10,420,878	9,331,648
Expenses:		
Program services - Habilitation and Care	8,703,247	8,521,347
Supporting Services:		
Administrative	855,198	824,240
Fundraising	--	--
Total Expenses	9,558,445	9,345,587
Increase (Decrease) in Unrestricted Net Assets	862,433	(13,939)
Temporarily Restricted:		
Contributions:		
Individuals	36,460	820,735
Corporations	200,675	82,715
Foundations	1,353,806	1,180,034
Affiliate	85,908	24,677
Net assets released from restrictions	(894,728)	(177,831)
Increase in Temporarily Restricted Net Assets	782,121	1,930,330
Increase in Total Net Assets	1,644,554	1,916,391
Net assets, beginning of year	8,308,884	6,392,493
NET ASSETS, END OF YEAR	9,953,438	8,308,884

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

**MISSION ROAD DEVELOPMENTAL CENTER**

**STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Cash Flows From Operating Activities:		
Increase in net assets	1,644,554	1,916,391
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	296,841	281,699
Loss on disposition of fixed assets	561	6,508
Net investment realized and unrealized losses	28,349	45,952
(Increase) Decrease in:		
Accounts receivable	425,402	(1,161,155)
Prepaid expenses and other assets	(4,705)	8,460
Increase (Decrease) in:		
Accounts payable	537,987	30,476
Accrued retirement contribution	2,144	1,118
Accrued salary expenses	(28,024)	70,425
Net Cash Provided by Operating Activities	2,903,109	1,199,874
Cash Flows From Investing Activities:		
Proceeds from sales or maturity of investments	8,883	--
Purchases of investments	(50,281)	(24,556)
Proceeds from sale of fixed assets	--	4,259
Purchase of fixed assets	(180,574)	(215,359)
Payments for construction in progress	(1,337,551)	(56,166)
Receipts on note receivable	250,000	250,000
Net Cash (Used in) Investing Activities	(1,309,523)	(41,822)
Net Increase in Cash	1,593,586	1,158,052
Cash at beginning of year	1,956,273	798,221
CASH AT END OF YEAR	3,549,859	1,956,273

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

**MISSION ROAD DEVELOPMENTAL CENTER**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2009

EXPENSES	Program Services		Total
	Habilitation and Care	Supporting Services Administrative Fundraising	
Salaries	5,086,669	601,835	5,688,504
Employee health and welfare	370,948	48,540	419,488
Employee retirement	119,507	21,453	140,960
Payroll taxes	385,314	43,881	429,195
Workers' compensation insurance	140,508	2,393	142,901
Total Salary Expenses	6,102,946	718,102	6,821,048
Professional fees - Accounting, legal, and other	45,927	23,399	69,326
Professional fees - Program	796,564	--	796,564
Training	120,872	--	120,872
Supplies	513,571	23,691	537,262
Telephone	50,498	11,691	62,189
Postage and shipping	2,172	6,140	8,312
Occupancy	177,591	1,641	179,232
Utilities	152,699	6,205	158,904
Equipment rental	700	--	700
Equipment maintenance	28,901	11,590	40,491
Director and officer insurance	--	11,816	11,816
Corporate insurance	69,225	5,687	74,912
Printing and publications	6,695	25,878	32,573
Transportation	163,698	2,906	166,604
Meetings/conferences	5,259	164	5,423
Specific assistance to individuals	124,712	--	124,712
Membership dues	10,746	645	11,391
Miscellaneous	6,999	335	7,334
Bad debt	23,504	4,448	27,952
Public relations/charitable contributions	144	816	960
Bank fees	2,983	44	3,027
Total Expenses Before Depreciation	8,406,406	855,198	9,261,604
Depreciation	296,841	--	296,841
<b>TOTAL EXPENSES</b>	<b>8,703,247</b>	<b>855,198</b>	<b>9,558,445</b>

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

**MISSION ROAD DEVELOPMENTAL CENTER**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2008

EXPENSES	Program Services	Supporting Services		Total
	Habilitation and Care	Administrative	Fundraising	
Salaries	4,966,185	536,869	--	5,503,054
Employee health and welfare	345,807	47,142	--	392,949
Employee retirement	120,045	18,552	--	138,597
Payroll taxes	380,049	39,988	--	420,037
Workers' compensation insurance	105,636	4,121	--	109,757
Total Salary Expenses	<u>5,917,722</u>	<u>646,672</u>	--	<u>6,564,394</u>
Professional fees - Accounting, legal, and other	76,606	45,032	--	121,638
Professional fees - Program	686,279	--	--	686,279
Training	115,321	--	--	115,321
Supplies	504,127	15,801	--	519,928
Telephone	54,077	5,503	--	59,580
Postage and shipping	3,265	5,483	--	8,748
Occupancy	232,998	1,853	--	234,851
Utilities	124,505	6,789	--	131,294
Equipment rental	449	--	--	449
Equipment maintenance	92,663	12,484	--	105,147
Director and officer insurance	--	13,988	--	13,988
Corporate insurance	98,361	7,307	--	105,668
Printing and publications	9,861	51,449	--	61,310
Transportation	164,296	2,832	--	167,128
Meetings/conferences	6,564	1,036	--	7,600
Specific assistance to individuals	115,933	--	--	115,933
Membership dues	12,315	1,120	--	13,435
Miscellaneous	14,022	5,603	--	19,625
Bad debt	8,910	410	--	9,320
Public relations/charitable contributions	1,331	704	--	2,035
Bank fees	43	174	--	217
Total Expenses Before Depreciation	<u>8,239,648</u>	<u>824,240</u>	--	<u>9,063,888</u>
Depreciation	281,699	--	--	281,699
<b>TOTAL EXPENSES</b>	<u><u>8,521,347</u></u>	<u><u>824,240</u></u>	--	<u><u>9,345,587</u></u>

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

# MISSION ROAD DEVELOPMENTAL CENTER

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

### Note 1: Reporting Entity

Founded in 1947, Mission Road Developmental Center (the Center) is a San Antonio, Texas provider of residential and nonresidential services for persons with mental retardation and other developmental disabilities. The Center serves clients on its 20 acre campus, as well as in its separate community group homes: Mabee, Larkspur, Sandpiper, Mockingbird, Kopplow, Pryor, Coy, Covenant, Vailcrest, and Morning Trail. The Center provides a sequence of quality care and training where residents are given the opportunity to achieve their individual potential for independence, productivity, and integration into the community.

On July 1, 2000, the Center became affiliated with a newly formed Texas corporation, Mission Road Ministries, Inc., (MRM) a nonprofit corporation under Internal Revenue Code Section 501(c)(3). MRM was incorporated with an oversight Board of Directors from the Center and Unicorn Centers, Inc., (Unicorn). The two agencies, the Center and Unicorn, mutually agreed to coordinate services for persons with mental retardation and other disabilities. The Center provides residential, day care, and in-home services for both children and adults, while Unicorn provides vocational and job related training for these adults. Two additional organizations, 200 Oblate, Incorporated (200 Oblate) and Independence Square, Inc., (Independence Square) became members of this affiliation with MRM effective July 1, 2000. Subsequently, Meadow Brook Apartments (Meadow Brook) opened November 1, 2003, adding a third apartment program similar to 200 Oblate and Independence Square, to provide affordable supervised apartment living for persons with mental retardation and other disabilities (see Note 11).

The Center is affiliated with the Bledsoe Foundation through a common Board of Trustees. The Bledsoe Foundation was created in a Trust Indenture on July 3, 1967, for the sole purpose of providing support to MRDC. In November 2005, the Bledsoe Foundation elected Trustees to occupy unfilled Trustee positions. In January 2007, additional Trustees and a new Chairperson were elected. With these actions, a majority of Trustees serving on the Bledsoe Foundation also serve as Board members for MRM and MRDC.

The Center's financial statements have been included in the combined financial statements of MRM and its affiliates as noted above.

### Note 2: Significant Accounting Policies

#### *Financial Statement Presentation*

Financial Accounting Standards Board (FASB) Statement 116, *Financial Statements of Not-for-Profit Organizations*, requires reporting financial position and activities according to classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets account for the operating activities of the Center. Temporarily restricted net assets result from contributions whose use by the Center is limited by donor-imposed stipulations. Permanently restricted net assets have donor-imposed restrictions, which stipulate that resources be maintained permanently but permits the Center to expend the income from these assets.

#### *Basis of Accounting*

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

Net assets of the Center and changes therein are classified and reported as follows:

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

(Continued)

MISSION ROAD DEVELOPMENTAL CENTER

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

(Continuation)

Note 2: Significant Accounting Policies (Continued)

*Basis of Accounting (Continued)*

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

Permanently Restricted Net Assets - Net assets that are limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Center.

*Estimates and Assumptions*

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Functional Expenses*

Until June 30, 2004, most professional administrative expenses were managed by each affiliate organization. Beginning July 1, 2004, these expenses were centralized under MRM to eliminate some redundancy at the affiliate level. MRM charges its affiliates a management fee to perform this function. The total annual management fee expenditure has been allocated to various Center expense accounts based on the actual administrative expense account activities of MRM. Fundraising activities other than special events are performed by MRM.

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies.

*Cash and Cash Equivalents*

All highly liquid investments with original maturities of three months or less are considered cash equivalents for cash flow purposes (see Note 3).

*Investments*

Investments are carried at fair value at quoted market prices (see Notes 3 and 4).

*Contributions Receivable*

Contributions are recognized when the donor makes a promise to give to MRM that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily restricted net assets and released in the fiscal year in which the restriction is satisfied. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions (see Note 5).

*Accounts Receivable*

Accounts receivable primarily consist of tuition reimbursements from various individuals, organizations, and governmental agencies (see Note 3).

(Continued)

MISSION ROAD DEVELOPMENTAL CENTER

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

(Continuation)

Note 2: Significant Accounting Policies (Continued)

*Allowance for Doubtful Accounts*

Management analyzes aging of accounts receivable on a monthly basis. Accounts receivable are considered delinquent when they are over 60 days old. Payment trends by delinquent accounts are considered by management when estimating the allowance for doubtful accounts. Accounts determined to be uncollectible by management are charged to the allowance for doubtful accounts (see Note 5).

*Depreciable Assets*

Depreciable assets are stated at cost when purchased or fair value on the date of donation when donated to the Center. For the years ended June 30, 2009 and 2008, expenditures for assets over \$1,000 are capitalized. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method (see Note 6).

Depreciation is based on the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	5 - 40
Equipment	3 - 10
Furniture	5 - 15
Vehicles	3 - 5

*Note Receivable*

The note receivable is carried at the estimated collectible amount. Interest income on the loan is recognized using the interest method. Management does not consider a provision for loan loss necessary.

*Program Revenue*

Program revenue is considered earned as services are provided to clients.

*Tax Exemption*

The Center is exempt from federal income taxes pursuant to provisions of Internal Revenue Code Section 501(c)(3).

*Fair Value of Financial Instruments*

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157 *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurements. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Therefore, for instruments classified in levels 1 and 2 of the hierarchy, where inputs are principally based on observable market data, there is less judgment applied in arriving at a fair value measurement. For instruments classified within level 3 of the hierarchy, judgments are more significant. The Center's investments are classified as level 1.

For other financial instruments such as accounts receivable, prepaid expenses, and payables, carrying value approximates market value.

(Continued)

# MISSION ROAD DEVELOPMENTAL CENTER

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

(Continuation)

### Note 3: Concentration of Credit Risk

Financial instruments which potentially subject the Center to a concentration of credit risk consist principally of cash and accounts receivable. The Center maintains cash balances at financial institutions in San Antonio. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. On October 3, 2008, the federal government temporarily increased this FDIC limit to \$250,000 per depositor through December 31, 2013 for interest bearing accounts. At various times of the year, the Center may exceed this coverage.

On October 14, 2008, the FDIC announced its temporary Transaction Account Guarantee Program, which provides full coverage for non-interest bearing transaction deposit accounts at FDIC insured institutions that agree to participate in the program. The transaction account guarantee applies to all personal and business checking deposit accounts that do not earn interest at participating institutions. This unlimited insurance coverage is temporary and will remain in effect for participating institutions until June 30, 2010.

The Center maintains investment accounts with a brokerage firm. The accounts contain cash, mutual funds, equities, and U.S. Government Agency Securities. Balances are insured up to \$500,000 (with a limit of \$250,000 for cash) by the Securities Investor Protection Corporation (SIPC). Cash and investment balances exceeded SIPC coverage at one brokerage firm at June 30, 2009 and 2008, respectively.

The Center's accounts receivable for tuition and expense reimbursements are comprised primarily of amounts due from governmental agencies.

### Note 4: Investments

Major investment categories, at market value, at June 30 were as follows:

	<u>2009</u>	<u>2008</u>
Common stocks	--	375,876
Fixed income	399,472	--
Mutual funds	442,740	222,042
Cash	<u>55,556</u>	<u>286,802</u>
Total Investments	<u>897,768</u>	<u>884,720</u>

Included in net assets at June 30, 2009 and 2008, are \$72,336 and \$5,802 of accumulated unrealized gains on investments, respectively.

(Continued)

**MISSION ROAD DEVELOPMENTAL CENTER**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

(Continuation)

Note 5: Contributions Receivable

Contributions receivable at June 30, were as follows:

	<u>2009</u>	<u>2008</u>
Receivables due in less than one year	380,250	692,650
Receivables due in next five years **	62,000	316,800
Less: Allowance for uncollectible amounts	<u>          --</u>	<u>          --</u>
Net Contributions Receivable	<u>442,250</u>	<u>1,009,450</u>

\*\*A discount on contributions receivable is not considered material to these financial statements.

Note 6: Land, Buildings, and Equipment

At June 30, the carrying values of land, buildings, and equipment were as follows:

	<u>2009</u>	<u>2008</u>
Land	244,651	244,651
Buildings and improvements	5,224,337	5,120,437
Construction in progress	1,424,789	87,275
Equipment	490,995	536,552
Furniture	132,035	143,476
Vehicles	<u>626,107</u>	<u>578,264</u>
Total Fixed Assets	8,142,914	6,710,655
Less: Accumulated depreciation	<u>(3,187,416)</u>	<u>(2,975,881)</u>
Net Fixed Assets	<u>4,955,498</u>	<u>3,734,774</u>

Note 7: Funds Held for Others

The Center administers cash trust accounts for its clients. These funds totaled \$57,655 and \$50,170 at June 30, 2009 and 2008, respectively, and are not reflected in the financial statements.

Note 8: Restricted Net Assets

*Temporarily Restricted*

Temporarily restricted net assets consist of the following at June 30:

	<u>2009</u>	<u>2008</u>
Fixed asset additions and improvements	2,847,965	2,000,702
Future program expenses	<u>215,404</u>	<u>280,546</u>
Total Temporarily Restricted Net Assets	<u>3,063,369</u>	<u>2,281,248</u>

(Continued)

**MISSION ROAD DEVELOPMENTAL CENTER**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

(Continuation)

Note 8: Restricted Net Assets (Continued)

*Permanently Restricted*

Permanently restricted net assets consist of the following at June 30:

	<u>2009</u>	<u>2008</u>
Property Mockingbird	88,394	88,394

Note 9: Net Assets Released from Restrictions

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

	<u>2009</u>	<u>2008</u>
Purpose Restrictions Accomplished:		
Camps and SOAR	115,008	105,663
Fixed asset purchases	741,918	50,699
Other program services	<u>37,802</u>	<u>21,469</u>
	<u>894,728</u>	<u>177,831</u>

Note 10: Leases and Subsequent Event

In April 1992, the Center signed a letter of agreement with a local church for the rental of a home located at 460 Kopplov Street to be used as a group home for the Center. Under the terms of the agreement the Center pays \$450 per month in rent; a total of \$5,400 per year. The term of the agreement is for one year at a time with an automatic one-year renewal. The agreement requires the Center to incur the cost of routine maintenance and repairs, utilities, and insurance. MRM Executive Committee met June 25, 2009 to approve the purchase of the Kopplov Street house. This was ratified at the MRM July 29, 2009 Board meeting and subsequently purchased August 20, 2009.

The Center obtained a storage unit for record keeping. Terms of the lease began November 2008 and expire in November 2009, with an option to lease on a month to month basis with future minimum rental commitments totaling \$227 per month at lessor's option. Rent expense for the year ended June 30, 2009, totaled \$1,818.

Note 11: Affiliate Organizations and Related Party Information

Two of the officers of MRM are members of the Board of Directors of 200 Oblate, Independence Square, and Meadow Brook, and one of the officers of MRM is a member of the Board of Directors of Unicorn and MRDC. MRM provides centralized focus and ongoing coordinated oversight of the Center and other affiliates as well as cost benefits as a result of common management.

Total tuition and job coaching revenue billed to the Center from Unicorn was \$161,250 for the year ended June 30, 2009, and \$154,681 for the year ended June 30, 2008. Unicorn paid the Center \$26,250 in interest expense payable during fiscal year 2009, and paid the Center \$39,375 in interest expense payable during fiscal year 2008. MRM made contributions to the Center approximating \$445,000 in 2009 and \$505,000 in 2008.

(Continued)

MISSION ROAD DEVELOPMENTAL CENTER

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

(Continuation)

Note 11: Affiliate Organizations and Related Party Information (Continued)

The Center paid MRM \$855,198 and \$824,240 in management fees during 2009 and 2008, respectively. At June 30, the following affiliate amounts were owed by/to the Center:

	<u>2009</u>	<u>2008</u>
Accounts Receivable:		
Independence Square	2,327	2,405
Meadow Brook	250	--
MRM	311,005	186,657
Unicorn	<u>13,902</u>	<u>9,500</u>
	<u>327,484</u>	<u>198,562</u>
Note receivable - Unicorn	250,000	500,000
Accounts Payable:		
MRM	77,242	73,545
Unicorn	<u>14,992</u>	<u>16,619</u>
	<u>92,234</u>	<u>90,164</u>

The Center and its affiliates share pooled corporate insurance policies. The annual premiums for these insurance policies are paid proportionately by the Center and its affiliates.

Note 12: Pension Plans

The Center had a defined benefit pension plan through June 30, 2006, covering all eligible employees who elected to participate, including affiliates' employees. It was the policy of the Center to fund the plan based upon the actuarial cost method. Plan benefits were based upon years of service and compensation earned by the participant.

The Center's defined benefit pension plan was terminated June 30, 2006, and total assets were distributed to eligible participants prior to June 30, 2006. MRM established a defined contribution plan to replace the terminated defined benefit plan. This plan covers all MRM full-time and non-excluded class employees who have attained age 21, and who have completed three months of service, including affiliate (the Center) employees. The Center's portion of pension contributions for the year ended were \$98,003 and \$102,050 for 2009 and 2008, respectively.

In addition to the new defined contribution plan, the Center sponsors a deferred annuity program for its employees, including affiliate's employees. The program is administered by Mutual of America Life Insurance Company. The program is voluntary and is funded entirely through employee payroll deductions.

(Continued)

MISSION ROAD DEVELOPMENTAL CENTER

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

(Continuation)

Note 13: Conditional Pledge

The Center entered into an agreement executed on May 25, 2007, between the Center and an individual donor, for the donor to gift to the Center \$1,000,000. The gift is held by the San Antonio Area Foundation as a designated gift restricted to building and/or remodeling an activity center located at 8706 Mission Road.

For the Center to receive this gift, the Center must have met certain conditions within 18 months from the date of the agreement (May 25, 2007). These conditions included: (1) the Center raising minimum matching \$1,000,000 in cash or pledges, and (2) the Center must have a signed fixed-price construction contract within the 18 month period. If the Center did not meet both of these conditions, it would have to forfeit the donor's \$1,000,000 held in trust at the San Antonio Area Foundation.

For the year ended June 30, 2009, these conditions were met and on June 3, 2009, the Center received the \$1,000,000 and interest earned of approximately \$56,000.

Note 14: Contingent Liabilities

The Center has a pending claim dated May 2, 2008 by Texas Department of Aging and Disability Services for recoupment of fees billed by the Center for services provided. The items in question center around the form and written explanations of the services provided. The Center is represented by legal counsel and is proceeding through the administrative review process as required by that state agency. At this time, it is uncertain as to the outcome since the administrative review process has not proceeded as of the date of this report. Accordingly, no provision for any estimated loss is reflected in the Center's financial statements.

Note 15: Reclassifications

Contribution revenue in the prior-year statement of activities has been detailed by type of donor for comparative purposes to conform to the presentation in the current-year financial statements.