

FINANCIAL REPORT
UNICORN CENTERS, INC.
JUNE 30, 2011

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Carneiro, Chumney & Co., L.C.

CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Unicorn Centers, Inc.
San Antonio, Texas

We have audited the accompanying Statements of Financial Position of Unicorn Centers, Inc. (the Center) as of June 30, 2011 and 2010, and the related 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, 2011 and 2010, and the results of its activities and cash flows for the years then ended, in conformity with United States generally accepted accounting principles.

Carneiro, Chumney & Co., L.C.

October 25, 2011

UNICORN CENTERS, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
Current Assets:		
Cash	\$ 456,149	\$ 135,489
Accounts receivable - net of allowance	191,393	237,040
Affiliate receivable	18,142	15,428
Investments	513,088	360,296
Prepaid expenses and other assets	2,901	10,480
Total Current Assets	1,181,673	758,733
Fixed Assets --		
Land, buildings, and equipment - net of accumulated depreciation	1,957,414	2,024,686
TOTAL ASSETS	\$ 3,139,087	\$ 2,783,419
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable:		
Trade	\$ 41,672	\$ 31,130
Affiliate	21,527	27,068
Accrued retirement plan contribution	10,000	13,500
Accrued salary expenses	61,681	85,970
Deferred revenue	23,500	10,000
Total Current Liabilities	158,380	167,668
Net Assets:		
Unrestricted:		
General operations	1,005,200	554,864
Net investments in fixed assets	1,957,414	2,024,686
Temporarily restricted	18,093	36,201
Total Net Assets	2,980,707	2,615,751
TOTAL LIABILITIES AND NET ASSETS	\$ 3,139,087	\$ 2,783,419

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

UNICORN CENTERS, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Unrestricted:		
Revenue, Gains, and Other Support:		
Contributions:		
Individuals	\$ 82,701	\$ 364,626
Corporations	11,530	40,331
Foundations	138,075	154,630
Affiliate	9,619	19,828
United Way allocation - net of their fundraising expenses of \$3,266 in 2011 and \$4,148 in 2010	107,830	105,012
Special events - net of direct expenses of \$13,087 in 2011 and \$13,227 in 2010	154,847	130,395
Governmental support - program service fees	350,749	328,579
Private program service fees and tuition	1,348,075	1,315,531
Interest and dividends	11,854	1,001
Miscellaneous	659	264
Net investment realized and unrealized gains (losses)	71,052	(13,832)
(Loss) on disposal of fixed assets	(776)	--
Net assets released from restrictions	32,944	7,661
Total Revenue, Gains, and Other Support	2,319,159	2,454,026
Expenses:		
Program services - habilitation and care	1,716,344	1,761,559
Supporting Services:		
Administrative	198,000	186,000
Fundraising	21,751	20,012
Total Expenses	1,936,095	1,967,571
Increase in Unrestricted Net Assets	383,064	486,455
Temporarily Restricted:		
Contributions:		
Corporations	470	--
Foundations	14,366	10,000
Net assets released from restrictions	(32,944)	(7,661)
(Decrease) Increase in Temporarily Restricted Net Assets	(18,108)	2,339
Increase in Total Net Assets	364,956	488,794
Net assets, beginning of year	2,615,751	2,126,957
NET ASSETS, END OF YEAR	\$ 2,980,707	\$ 2,615,751

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

UNICORN CENTERS, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Cash Flows from Operating Activities:		
Increase in total net assets	\$ 364,956	\$ 488,794
Adjustments to Reconcile Increase in Total Net Assets to Net Cash Provided by Operating Activities:		
Bad debt	16,097	5,758
Depreciation	109,459	103,454
Loss on disposal of fixed assets	776	--
Net investment realized and unrealized (gains) losses	(71,052)	13,832
Decrease (Increase) in:		
Accounts receivable	29,550	(102,205)
Affiliate receivable	(2,714)	1,073
Prepaid expenses and other assets	7,579	(5,716)
Increase (Decrease) in:		
Trade payables	10,542	(11,740)
Affiliate payable	(5,541)	(2,638)
Accrued retirement plan contribution	(3,500)	(8,735)
Accrued salary expenses	(24,289)	1,941
Deferred revenue	13,500	10,000
Net Cash Provided by Operating Activities	445,363	493,818
Cash Flows from Investing Activities:		
Purchases of investments	(81,740)	(374,128)
Purchase of fixed assets	(42,963)	(3,124)
Net Cash (Used in) Investing Activities	(124,703)	(377,252)
Cash Flows (Used in) Financing Activities –		
Principal payments on long-term debt - affiliate	--	(250,000)
Net Increase (Decrease) in Cash	320,660	(133,434)
Cash, beginning of year	135,489	268,923
CASH, END OF YEAR	\$ 456,149	\$ 135,489
Cash Paid for –		
Interest	\$ --	\$ 9,844

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

UNICORN CENTERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2011

	Program Services		Supporting Services		Total
	Habilita- tion and Care	Adminis- trative	Fund- raising		
EXPENSES					
Salaries	\$ 976,912	143,346	17,863		\$ 1,138,121
Employee health and welfare	115,342	12,534	2,087		129,963
Employee retirement	21,866	3,994	461		26,321
Payroll taxes	73,209	10,665	1,281		85,155
Workers' compensation insurance	2,801	459	59		3,319
Total Salary Expenses	1,190,130	170,998	21,751		1,382,879
Professional fees - accounting, legal, and other	37,604	8,376	--		45,980
Training	157,638	--	--		157,638
Supplies	47,058	5,297	--		52,355
Telephone	10,842	910	--		11,752
Postage and shipping	4,246	1,309	--		5,555
Occupancy	31,594	587	--		32,181
Utilities	45,295	1,377	--		46,672
Equipment maintenance	8,023	3,204	--		11,227
Director and officer insurance	--	2,334	--		2,334
Corporate insurance	18,239	743	--		18,982
Printing and publications	3,513	1,753	--		5,266
Transportation	26,661	209	--		26,870
Meetings/conferences	4,258	103	--		4,361
Membership dues	360	192	--		552
Miscellaneous	1,202	15	--		1,217
Bad debt	15,983	114	--		16,097
Public relations/charitable contribution	1,560	296	--		1,856
Bank fees	2,679	183	--		2,862
Total Expenses before Depreciation	1,606,885	198,000	21,751		1,826,636
Depreciation	109,459	--	--		109,459
TOTAL EXPENSES	\$ 1,716,344	198,000	21,751		\$ 1,936,095

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

UNICORN CENTERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2010

	Program Services	Supporting Services		Total
	Habilita- tion and Care	Adminis- trative	Fund- raising	
EXPENSES				
Salaries	\$1,019,429	129,839	16,827	\$1,166,095
Employee health and welfare	115,080	14,179	1,550	130,809
Employee retirement	23,500	4,295	330	28,125
Payroll taxes	77,259	9,575	1,226	88,060
Workers' compensation insurance	9,680	599	79	10,358
Total Salary Expenses	<u>1,244,948</u>	<u>158,487</u>	<u>20,012</u>	<u>1,423,447</u>
Professional fees - accounting, legal, and other	40,729	7,816	--	48,545
Training	132,558	--	--	132,558
Supplies	71,546	3,877	--	75,423
Telephone	12,767	1,069	--	13,836
Postage and shipping	6,617	1,412	--	8,029
Occupancy	26,293	313	--	26,606
Utilities	40,282	1,404	--	41,686
Equipment maintenance	8,021	2,246	--	10,267
Director and officer insurance	--	2,669	--	2,669
Corporate insurance	25,605	748	--	26,353
Printing and publications	2,392	893	--	3,285
Transportation	28,977	118	--	29,095
Meetings/conferences	2,586	189	--	2,775
Membership dues	601	82	--	683
Interest	9,844	--	--	9,844
Miscellaneous	4	24	--	28
Bad debt	1,188	4,570	--	5,758
Public relations/charitable contribution	832	83	--	915
Bank fees	2,315	--	--	2,315
Total Expenses before Depreciation	<u>1,658,105</u>	<u>186,000</u>	<u>20,012</u>	<u>1,864,117</u>
Depreciation	<u>103,454</u>	<u>--</u>	<u>--</u>	<u>103,454</u>
TOTAL EXPENSES	<u><u>\$1,761,559</u></u>	<u><u>186,000</u></u>	<u><u>20,012</u></u>	<u><u>\$1,967,571</u></u>

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

UNICORN CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Note 1: Reporting Entity

Unicorn Centers, Inc. (the Center) is a not-for-profit organization whose mission is to provide vocational training in San Antonio, Texas for adults with intellectual and other developmental disabilities. Services include, but are not limited to, extended employment (sheltered workshop), life skills training, prevocational and job supported employment. The Center is supported primarily through client tuition, contributions, grants, and the United Way.

On July 1, 2000, the Center became affiliated with a newly formed Texas corporation, Mission Road Ministries, Inc. (MRM), a not-for-profit corporation under Internal Revenue Code (IRC) Section 501(c)(3). MRM was incorporated with an oversight Board of Directors from the Center and Mission Road Developmental Center (MRDC). The two agencies, the Center and MRDC, mutually agreed to coordinate services for persons with intellectual and other disabilities. The Center provides vocational and job-related training for these adults, while the MRDC provides residential, day care, and in-home services for both children and adults. Two additional organizations, 200 Oblate, Incorporated (200 Oblate) and Independence Square, Inc. (Independence Square), also became members of this affiliation with MRM effective July 1, 2000. Subsequently, Meadow Brook Apartments (Meadow Brook) opened November 1, 2003, adding a third Housing and Urban Development (HUD) subsidized apartment program similar to 200 Oblate and Independence Square, to provide affordable supervised apartment living for persons with intellectual and other disabilities (see Note 10).

In addition to the entity relationships discussed above, MRM is affiliated with the Clifford Craig Bledsoe Memorial Foundation (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 MRDC and MRM.

While the reporting for these financial statements is solely for the Center, these financial statements have been included in the combined financial statements of MRM and its affiliates, as noted above.

Note 2: Summary of Significant Accounting Policies

Financial Statement Presentation

The Not-for-Profit Entities Revenue Recognition topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, (ASC) 958-605, requires reporting financial position and activities according to classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

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 and account for operating activities of the Center. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

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.

UNICORN CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Note 2: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered cash and cash equivalents for cash flow purposes.

Accounts Receivable

Accounts receivable primarily consist of tuition reimbursements from various individuals, organizations, and governmental agencies (see Notes 3 and 6).

Allowance for Doubtful Accounts

Management analyzes aging of accounts receivable at least quarterly. 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 6).

Investments

Investments are carried at fair value at quoted market prices (see Notes 4 and 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, 2011 and 2010, expenditures for assets over \$1,000 were 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 7). Depreciation is based on the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	5 - 30
Equipment	5 - 15
Furniture and fixtures	5 - 7
Vehicles	5 - 7

Deferred Revenue

Deferred revenue represents program revenue attributable to events that have not yet occurred.

Program Revenue

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

Federal Income Taxes

The Center is exempt from federal income taxes pursuant to provisions of IRC Section 501(c)(3). The Center adopted the provisions of FASB ASC topic 740-10-25, *Income Taxes – Overall - Recognition*, which requires recognition and disclosure of uncertain tax positions in the financial statements and footnotes. Management of the Center believes it has no material uncertain tax positions and, accordingly, it will not recognize any related liabilities.

UNICORN CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Note 2: Summary of Significant Accounting Policies (Continued)

Functional Expenses

Professional administrative expenses are 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.

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.

Fair Value of Financial Instruments

The Fair Value Measurements and Disclosures Topic of the FASB ASC, 820-10, 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.

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets that the Center has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Estimates and Assumptions

The preparation of financial statements in conformity with United States generally accepted accounting principles (GAAP) 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.

Note 3: Concentration of Credit and Business Risk

Financial instruments which potentially subject the Center to a concentration of credit risk consist principally of cash, accounts receivable, and revenue.

The Center maintains multiple bank accounts in San Antonio, Texas. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for interest-bearing accounts and without limit for noninterest-bearing transaction accounts. At various times during the year there were balances in the bank that were over the FDIC limit. However, at June 30, 2011 and 2010, the Center had no uninsured balances.

UNICORN CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Note 3: Concentration of Credit and Business Risk (Continued)

United Way support received totaled \$107,830 and \$105,012 for the years ended June 30, 2011 and 2010, respectively. This equates to approximately 5% and 4% of total revenue and support during the years 2011 and 2010, respectively. The Center's approved United Way allocation for the year ending June 30, 2012 is \$109,298.

The Center also received \$350,749, 15% of total revenue, and \$328,579, 13% of total revenue, from governmental agencies for the years ended June 30, 2011 and 2010, respectively.

Note 4: Investments

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

	<u>2011</u>	<u>2010</u>
Money market funds	\$ 3,949	\$ --
Mutual Funds by Class:		
Fixed income funds	192,010	149,760
International equity funds	82,957	55,563
Realty and specialty funds	104,633	70,617
United States equity funds	<u>129,539</u>	<u>84,356</u>
 Total Investments	 \$ <u>513,088</u>	 \$ <u>360,296</u>

Included in net assets at June 30, 2011 and 2010, were \$57,197 and \$(13,832) of accumulated unrealized gains (losses) on investments, respectively.

Note 5: Fair Values of Financial Instruments

The reporting entity uses fair value measurements to record fair value adjustments to certain assets and liabilities to determine fair value disclosures. For additional information on how the Center measures fair value, refer to Note 2: Summary of Significant Accounting Policies.

The following descriptions of the valuation methods and assumptions were used by the Center in estimating the fair value disclosures for mutual fund asset class. There have been no changes in methodologies used at June 30, 2011 and 2010:

Bond funds, core equity funds, emerging market funds, international equity funds, quantitative equity funds, realty funds, small and mid-cap funds, and world allocation funds are valued at the fair value of shares held by the Center at quoted market prices at fiscal year-end.

UNICORN CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Note 5: Fair Values of Financial Instruments (Continued)

The following tables set forth by level, within the fair value hierarchy, the Center's assets at fair value as of June 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2011:				
Money market funds	\$ 3,949	--	--	\$ 3,949
Fixed income funds	192,010	--	--	192,010
International equity funds	82,957	--	--	82,957
Realty and specialty funds	104,633	--	--	104,633
United States equity funds	<u>129,539</u>	<u>--</u>	<u>--</u>	<u>129,539</u>
 Total Assets at Fair Value	 \$ <u>513,088</u>	 <u>--</u>	 <u>--</u>	 \$ <u>513,088</u>
2010:				
Fixed income funds	\$ 149,760	--	--	\$ 149,760
International equity funds	55,563	--	--	55,563
Realty and specialty funds	70,617	--	--	70,617
United States equity funds	<u>84,356</u>	<u>--</u>	<u>--</u>	<u>84,356</u>
 Total Assets at Fair Value	 \$ <u>360,296</u>	 <u>--</u>	 <u>--</u>	 \$ <u>360,296</u>

Note 6: Accounts and Affiliate Receivable

Tuition revenue is received from individual families and from organizations on behalf of joint clients, all of which are located in San Antonio, Texas. Accounts receivable, including those from affiliates, consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Government agency fees	\$ 31,561	\$ 53,277
Tuition and job coaching	123,898	134,962
Affiliates	18,142	15,428
Workshop contracts	50,132	51,512
Other	<u>849</u>	<u>190</u>
Total Accounts and Affiliate Receivable	224,582	255,369
Less: Allowance for doubtful accounts	<u>(15,047)</u>	<u>(2,901)</u>
 Net Accounts and Affiliate Receivable	 \$ <u>209,535</u>	 \$ <u>252,468</u>

UNICORN CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Note 7: Land, Buildings, and Equipment

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

	<u>2011</u>	<u>2010</u>
Land and land improvements	\$ 303,600	\$ 300,000
Buildings and improvements	1,892,898	1,881,764
Facility equipment	75,358	59,528
Furniture and fixtures	29,038	29,038
Office equipment	60,318	60,318
Vehicles	<u>87,570</u>	<u>87,263</u>
Total Fixed Assets	2,448,782	2,417,911
Less: Accumulated depreciation	<u>(491,368)</u>	<u>(393,225)</u>
Net Fixed Assets	<u>\$ 1,957,414</u>	<u>\$ 2,024,686</u>

Note 8: Temporarily Restricted Net Assets

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

	<u>2011</u>	<u>2010</u>
Purpose Restrictions:		
ASPIRE PALS	\$ 1,765	\$ --
Automatic doors	8,835	16,494
Classroom	--	46
Days of Care	74	--
Dumpster pad	--	10,000
Employment skills computers	613	3,000
Exercise equipment	1,270	1,575
Forklift	3,565	5,086
Red flag safety programs	<u>1,971</u>	<u>--</u>
Total Temporarily Restricted Net Assets	<u>\$ 18,093</u>	<u>\$ 36,201</u>

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>2011</u>	<u>2010</u>
Purpose Restrictions Accomplished:		
ASPIRE PALS	\$ 1,235	\$ --
Automatic doors	7,659	7,661
Classroom	46	--
Days of Care	396	--
Dock plate	3,475	--
Dumpster pad	10,000	--
Employment skills computers	2,387	--
Exercise equipment	305	--
Forklift	1,521	--
Red flag safety programs	3,254	--
Steppers dance group supplies	<u>2,745</u>	<u>--</u>
Total Restrictions Released	<u>\$ 33,023</u>	<u>\$ 7,661</u>

UNICORN CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Note 10: 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 for 2011 and 2010. One of the officers of MRM was a member of the Board of Directors of the Center for 2011 and 2010 and a member of the Board of Directors of MRDC for 2010 only. 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 MRDC by the Center was \$190,062 and \$177,755 for the years ended June 30, 2011 and 2010, respectively. The Center paid MRM \$198,000 and \$186,000 in management fees for the years ended June 30, 2011 and 2010, respectively. The Center paid MRDC no interest during fiscal year 2011, as the note was paid off in 2010, and paid MRDC \$9,844 in interest expense during fiscal year 2010. MRM made a contribution of approximately \$9,600 and \$20,000 to the Center in 2011 and 2010, respectively.

At June 30, the following amounts were owed by/to the Center:

	<u>2011</u>	<u>2010</u>
Affiliate Accounts Receivable:		
MRM	\$ 50	\$ --
MRDC	<u>18,092</u>	<u>15,428</u>
Total Affiliate Accounts Receivable	\$ <u>18,142</u>	\$ <u>15,428</u>
Affiliate Accounts Payable:		
MRM	\$ 17,677	\$ 23,798
MRDC	<u>3,850</u>	<u>3,270</u>
Total Affiliate Accounts Payable	\$ <u>21,527</u>	\$ <u>27,068</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 11: Retirement Benefit Plan

MRM established a defined contribution retirement plan during fiscal year 2007 to replace a terminated defined benefit plan. This plan covers all MRM full-time and non-excluded class employees who have attained age 21, and have completed three months of service, including affiliate (the Center) employees. The Center's portion of pension contributions for the years ended June 30, 2011 and 2010 was \$20,705 and \$17,834, respectively.

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

Note 12: Subsequent Events

Subsequent events have been evaluated through the date of this report, which is the date the financial statements were available to be issued.