

Financial Statements

Crittenton Women's Union, Inc.

June 30, 2009 and 2008



Mayer Hoffman McCann P.C.
An Independent CPA Firm
Tofias New England Division

CRITTENTON WOMEN'S UNION, INC.

Financial Statements

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Mayer Hoffman McCann P.C.

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Tofias New England Division

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Independent Auditors' Report

Board of Directors
Crittenton Women's Union, Inc.
Boston, Massachusetts

We have audited the accompanying statement of financial position of Crittenton Women's Union, Inc. ("CWU") as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of CWU's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Crittenton Women's Union, Inc. as of June 30, 2008 were audited by other auditors, Tofias P.C., whose shareholders became shareholders of Mayer Hoffman McCann P.C. as of December 31, 2008, and whose report dated September 22, 2008, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crittenton Women's Union, Inc. as of June 30, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Mayer Hoffman McCann P.C.

October 19, 2009
Cambridge, Massachusetts

CRITTENTON WOMEN'S UNION, INC.

Statements of Financial Position

Assets	<i>June 30,</i>	
	2009	2008
Cash:		
Cash and cash equivalents	\$ 780,451	\$ 1,088,718
Restricted cash	171,000	171,000
Total Cash	951,451	1,259,718
Contracts, contributions and grants receivable, net of allowance for doubtful accounts of \$60,000	540,626	629,592
Investments	4,685,267	5,772,629
Prepaid expenses and other assets	48,272	86,612
Property, plant and equipment, net	4,578,728	4,705,688
Total assets	\$ 10,804,344	\$ 12,454,239
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 283,156	\$ 268,463
Accrued expenses	525,666	490,492
Notes payable	505,715	546,780
Total liabilities	1,314,537	1,305,735
Net assets:		
Unrestricted:		
Undesignated	2,538,222	2,810,601
Board designated	2,796,905	3,724,039
Total unrestricted net assets	5,335,127	6,534,640
Temporarily restricted	2,871,731	3,330,915
Permanently restricted	1,282,949	1,282,949
Total net assets	9,489,807	11,148,504
Total liabilities and net assets	\$ 10,804,344	\$ 12,454,239

CRITTENTON WOMEN'S UNION, INC.

Statements of Activities

	<i>Years Ended June 30,</i>				
	<i>2009</i>				<i>2008</i>
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>	<i>Total</i>
Revenue and other support:					
Program service fees	\$ 6,621,425	\$ -	\$ -	\$ 6,621,425	\$ 6,865,751
Contributions and grants	1,466,290	384,850	-	1,851,140	2,107,246
Special events, net	172,011	-	-	172,011	223,306
Other income	18,743	-	-	18,743	36,322
Donated materials and services	197,581	-	-	197,581	366,518
Investment income appropriated under spending policy	291,000	-	-	291,000	291,000
Net assets released from restrictions - satisfaction of restrictions	561,158	(561,158)	-	-	-
Total revenue and other support	9,328,208	(176,308)	-	9,151,900	9,890,143
Expenses:					
Program services	7,456,101	-	-	7,456,101	7,760,253
Management and general	1,664,866	-	-	1,664,866	1,578,351
Fundraising	471,145	-	-	471,145	531,004
Total expenses	9,592,112	-	-	9,592,112	9,869,608
Change in net assets from continued operations	(263,904)	(176,308)	-	(440,212)	20,535
Nonoperating activities:					
Interest and dividends	81,046	32,224	-	113,270	180,202
Loss on investments	(783,287)	(315,100)	-	(1,098,387)	(621,858)
Investment income appropriated under spending policy	(291,000)	-	-	(291,000)	(291,000)
Total nonoperating activities	(993,241)	(282,876)	-	(1,276,117)	(732,656)
Discontinued operations:					
Discontinued operations (Note 11)	57,632	-	-	57,632	67,978
Total discontinued operations	57,632	-	-	57,632	67,978
Change in net assets	(1,199,513)	(459,184)	-	(1,658,697)	(644,143)
Net assets, beginning	6,534,640	3,330,915	1,282,949	11,148,504	11,792,647
Net assets, ending	\$ 5,335,127	\$ 2,871,731	\$ 1,282,949	\$ 9,489,807	\$ 11,148,504

CRITTENTON WOMEN'S UNION, INC.

Statement of Activities

Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and other support:				
Program service fees	\$ 6,865,751	\$ -	\$ -	\$ 6,865,751
Contributions and grants	1,636,546	470,700	-	2,107,246
Special events, net	223,306	-	-	223,306
Other income	36,322	-	-	36,322
Donated materials and services	366,518	-	-	366,518
Investment income appropriated under spending policy	291,000	-	-	291,000
Net assets released from restrictions - satisfaction of restrictions	<u>533,580</u>	<u>(533,580)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>9,953,023</u>	<u>(62,880)</u>	<u>-</u>	<u>9,890,143</u>
Expenses:				
Program services	7,760,253	-	-	7,760,253
Management and general	1,578,351	-	-	1,578,351
Fundraising	<u>531,004</u>	<u>-</u>	<u>-</u>	<u>531,004</u>
Total expenses	<u>9,869,608</u>	<u>-</u>	<u>-</u>	<u>9,869,608</u>
Change in net assets from operating activities	<u>83,415</u>	<u>(62,880)</u>	<u>-</u>	<u>20,535</u>
Change in net assets from nonoperating activities:				
Interest and dividends	129,421	50,781	-	180,202
Loss on investments	(446,619)	(175,239)	-	(621,858)
Investment income appropriated under spending policy	<u>(201,432)</u>	<u>(89,568)</u>	<u>-</u>	<u>(291,000)</u>
Change in net assets from nonoperating activities	<u>(518,630)</u>	<u>(214,026)</u>	<u>-</u>	<u>(732,656)</u>
Discontinued operations:				
Discontinued operations (Note 11)	<u>67,978</u>	<u>-</u>	<u>-</u>	<u>67,978</u>
Total discontinued operations	<u>67,978</u>	<u>-</u>	<u>-</u>	<u>67,978</u>
Change in net assets	<u>(367,237)</u>	<u>(276,906)</u>	<u>-</u>	<u>(644,143)</u>
Net assets, beginning	<u>6,901,877</u>	<u>3,607,821</u>	<u>1,282,949</u>	<u>11,792,647</u>
Net assets, ending	<u>\$ 6,534,640</u>	<u>\$ 3,330,915</u>	<u>\$ 1,282,949</u>	<u>\$ 11,148,504</u>

See accompanying notes to the financial statements.

CRITTENTON WOMEN'S UNION, INC.

Statements of Cash Flows

	<i>Years Ended June 30,</i>	
	<i>2009</i>	<i>2008</i>
Cash flows from operating activities:		
Change in net assets	\$ (1,658,697)	\$ (644,143)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	322,480	325,284
Losses on investments	1,098,387	621,585
Change in:		
Contracts, contributions and grants receivable	88,966	86,262
Prepaid expenses and other assets	38,340	25,631
Accounts payable	14,693	11,923
Accrued expenses	35,174	123,746
	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	<u>(60,657)</u>	<u>550,288</u>
Cash flows from investing activities:		
Purchases of investments	(113,286)	(13,260,779)
Proceeds from sale of investments	102,261	13,502,005
Purchases of property and equipment	(195,520)	(331,178)
	<u> </u>	<u> </u>
Net cash used in investing activities	<u>(206,545)</u>	<u>(89,952)</u>
Cash flows from financing activities:		
Payments on notes payable	(41,065)	(38,074)
	<u> </u>	<u> </u>
Net cash used in financing activities	<u>(41,065)</u>	<u>(38,074)</u>
Net increase (decrease) in cash and cash equivalents	(308,267)	422,262
Cash and cash equivalents, beginning	1,259,718	837,456
	<u> </u>	<u> </u>
Cash and cash equivalents, ending	<u>\$ 951,451</u>	<u>\$ 1,259,718</u>
Supplemental information:		
Cash paid for interest	\$ 34,518	\$ 37,511
	<u> </u>	<u> </u>

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Crittenton Women's Union, Inc. ("CWU") is a Boston-based, nonprofit organization that transforms the course of low-income women's lives so that they can attain economic independence and create better futures for themselves and their families.

CWU takes a unique pioneering approach, combining direct service programs, independent research, and public advocacy. Each area informs and intersects with the work of the others, fostering a flexible, dynamic and creative environment that produces measurable results.

CWU provides safe housing, caring supports, education, and training programs to more than 1,600 people annually. It's Research and Innovation Department identifies barriers to self-sufficiency, tracks outcomes, refines practices, and develops innovative program designs. The organization's Advocacy arm draws on its program knowledge and in-depth research to impact public policy and legislation.

CWU strives to transform individual lives and to achieve broad-based system change through innovation, collaboration and commitment.

A summary of the accounting policies consistently applied by CWU in the financial statements follows:

Classification of Net Assets

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

Unrestricted Net Assets - Assets and contributions that are not subject to donor-imposed restrictions or for which restrictions have expired. Assets related to property, plant and equipment are shown in this category unless timing or use restrictions are imposed on the use or disposition of these assets. The Board of CWU has designated a portion of the unrestricted net assets as "Board Designated net assets" for the purpose of long-term growth and strategic initiatives.

Temporarily Restricted Net Assets - Net assets that are subject to donor-imposed restrictions that may or will be met by actions of CWU or the passage of time. Net assets also include accumulated unspent gains on the permanently restricted net assets. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions in the period in which the donor-imposed stipulations are met or the stipulated time restrictions have passed. In some situations, the donor-imposed stipulations on all or a portion of contributed amounts are met in the same reporting period in which the contributed amount is received. In those cases, the contributed amount (to the extent that the restrictions have been met) is reported as unrestricted support.

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Classification of Net Assets (Continued)

Temporarily restricted net assets are available for the following purposes at June 30:

	<i>2009</i>	<i>2008</i>
Program services	\$ 138,557	\$ 215,651
Housing expansion projects grants	2,642,978	2,742,191
Accumulated unspent gains on permanently restricted net assets	<u>90,196</u>	<u>373,073</u>
Total	<u>\$ 2,871,731</u>	<u>\$ 3,330,915</u>

Permanently Restricted Net Assets - Permanently restricted net assets are those resources subject to the donor-imposed restriction that they be maintained permanently by CWU. The donors of these resources require that the principal be invested in perpetuity and permit the income earned, including appreciation, to be used, all or in part, for unrestricted or temporarily restricted purposes.

Government Contracts

CWU receives a significant portion of its funding under federal and state contracts and grants that are subject to review and audit by the grantors or their representatives. Such audits could result in requests for reimbursement to the grantor agency if expenditures are disallowed. Management is not aware of any specific disallowances.

Recognition of Contributions and Grants

Contributions are recorded as support at the time the donor makes an unconditional promise to give. The existence or absence of restrictions on the gift will determine if it should be classified as unrestricted, temporarily restricted or permanently restricted. Contributions not expected to be collected within one year are recorded at the estimated present value of future cash flows, utilizing a risk-free rate of return. Management expects most contributions and grants to be collected within the next year.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and overnight repurchase agreements with initial maturities of three months or less when purchased. CWU maintains its cash in bank deposit accounts, which at times may exceed the federally insured limits. CWU has not experienced any loss in such accounts. These assets are stated at cost, which approximates market value.

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Fair Value

Investments are carried at fair market value. CWU measures the fair market values of its financial instruments in accordance with Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("SFAS 157"), which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs to determine the exit price. Also in accordance with SFAS 157, financial instruments must be categorized into a three-level hierarchy, based on the priority of inputs to the valuation technique, as discussed below.

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. The type of instruments included in Level 1 include listed equity and debt securities publicly traded on a stock exchange.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Instruments which are generally included in this category include less liquid and restricted equity securities and over-the-counter derivatives including corporate bonds and loans and public company equity securities with legal restrictions.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Instruments that are included in this category generally include investments in privately held portfolio companies, promissory notes to privately held companies and interests in other investment partnerships.

In some instances, the inputs are used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

For more information on the fair value of CWU's financial instruments, see Note 3 - Fair Value Measurements.

Property, Plant, Equipment and Depreciation

Property, plant and equipment are recorded at cost. Donated assets are recorded at fair market value determined at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Donated Materials and Services

CWU records donated materials at the fair market value on the date the materials are unconditionally pledged. Donated services are recorded at the fair market value on the date the services are provided if the services create or enhance nonfinancial assets or the services are provided by persons possessing certain skills that would typically need to be purchased if not provided by donation.

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Donated Materials and Services (Continued)

The value of the following services is recorded as donated service revenue and expenses:

<i>Donor</i>	<i>Material or service</i>	<i>2009</i>	<i>2008</i>
Boston Public Schools	Two teachers providing alternative high school education for pregnant teens. *2009 included in discontinued operations	* \$ 192,376	\$ 186,773
City of Boston	Use of a transitional house for battered, homeless women and their children	54,000	54,000
Goodwin Procter LLP	Legal services	108,344	81,143
Citizens Energy	Oil to provide heating to the Brighton transitional housing campus	18,179	44,602
IBM	Computer equipment	12,058	-
Boston Housing Authority	Program space, administrative and custodial support for the CFO program (5 months)	5,000	-
Total donated materials and services		\$ 389,957	\$ 366,518

Functional Allocation of Expenses

The costs of providing various programs, management and general and fundraising activities have been summarized on a functional basis in the statement of activities. Accordingly, various costs have been allocated among programs and supporting services benefited.

Income Tax Status

CWU is recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is generally exempt from federal and state income taxes on related income. Accordingly, no provision for income taxes is made in the financial statements.

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Accounting for Uncertain Tax Positions

The uncertainties of any tax positions were accounted for under the guidance in SFAS No. 5, *Accounting for Contingencies*. Under this approach, disclosure is not required of a loss contingency involving an unasserted claim or assessment unless it is considered probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable. In June 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*—an interpretation of FASB Statement 109 (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken in the course of preparing CWU's tax returns to determine whether tax positions are "more-likely than- not" of being sustained by the applicable tax authority. On December 30, 2008, the FASB Staff issued FASB Staff Position (FSP) FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*, which defers the adoption of the provisions of FIN 48 for CWU until fiscal 2010.

Operations

The statements of activities report the change in net assets from operating and nonoperating activities. Operating revenues consist of those items attributable to program service fees, contributions, grants, special events, plant income funds received and expended, donated materials and services, as well as amounts appropriated under CWU's spending policy. Non-operating revenue includes investment income in excess of or less than the spending policy and other non-operating income.

Use of Estimates

In preparing the financial statements in conformity with U.S. generally accepted accounting principles, management is required 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 reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject CWU to concentration of credit risk consist primarily of contracts, contributions and grants receivable. Credit risk with receivables is concentrated among federal and state-sponsored programs. CWU's client base is concentrated in Massachusetts.

Subsequent Events

CWU has evaluated subsequent events through October 19, 2009, the date the Board of Directors approved and authorized the financial statements to be issued.

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 2 - Investments

Investments consisted of the following at June 30:

	<i>2009</i>	<i>2008</i>
Equity Funds	\$ 3,002,758	\$ 3,958,023
Bond Funds	1,682,509	1,713,310
Money market accounts	-	101,296
Investments	\$ 4,685,267	\$ 5,772,629

Note 3 - Fair Value Measurement

CWU adopted SFAS 157 as of July 1, 2008, which among other matters, requires enhanced disclosures about instruments that are measured and reported at fair value. SFAS 157 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price used in measuring instruments at fair value. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available quoted prices or for which fair value can be measured for actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. The implementation of SFAS 157 had no impact on reported amounts.

CWU investments consist of operating reserves, Board designated funds and funds which have been restricted by the donor as endowment. The investments are managed as a single diversified portfolio governed by CWU's investment policy, which sets allocation ranges for fixed income, equities and alternative investments. All investments are held in funds managed by Commonfund. Commonfund's funds are not publicly traded, therefore a readily determinable fair value for the funds is not available. CWU establishes fair value through a documented valuation process including review of audited reports for the Commonfund funds, verification of the fair value of marketable securities in the funds, regular review of Commonfund valuation approaches for non-marketable investments, and monitoring of each fund's activity. Common Fund Multi-Strategy Bond Fund and Multi-Strategy Equity Fund in which CWU is invested qualify to be reported as Level 2 investments.

The valuation of the Organization's instruments using the fair value hierarchy consisted of the following at June 30, 2009:

	<i>Quoted prices in active markets Level 1</i>	<i>Significant observable inputs Level 2</i>	<i>Significant observable inputs Level 3</i>	<i>Total</i>
Bond fund	\$ -	\$ 1,682,509	\$ -	\$ 1,682,509
Equity fund	-	3,002,758	-	3,002,758
Investments	\$ -	\$ 4,685,267	\$ -	\$ 4,685,267

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 4 - Property, Plant and Equipment

Property, plant and equipment consisted of the following at June 30:

	<i>2009</i>	<i>2008</i>
Land	\$ 20,000	\$ 20,000
Buildings and improvements	6,863,672	6,719,374
Furniture and equipment	710,170	689,209
Vehicles	79,518	49,258
	<hr/>	<hr/>
	7,673,360	7,477,841
Less: accumulated depreciation	3,094,632	2,772,153
	<hr/>	<hr/>
Property, plant and equipment, net	\$ 4,578,728	\$ 4,705,688

CWU disposed of approximately \$46,000 of fully depreciated capital assets during the years ended June 30, 2008. There were no disposals during 2009.

Note 5 - Note Payable and Line of Credit

CWU's loan requires monthly principal and interest payments, based on a fifteen-year amortization period with remaining amounts due and payable on December 31, 2011. Interest is computed at the rate of 6.5%. The loan is secured by a mortgage on CWU's Ten Perthshire Road property.

The loan arrangement contains debt covenants requiring CWU to maintain certain financial statement ratios.

Maturities of CWU's notes payable as of June 30, 2009 are as follows:

2010	\$ 44,008
2011	46,956
2012	414,751

On September 3, 2008, CWU entered into a two-year revolving line-of-credit agreement with Citizens Bank which provides for borrowings up to \$800,000 for working capital support. Interest is at borrower's choice of 30, 60 or 90 day LIBOR plus 0.75%, or Prime plus 0%. The line is secured with investments with a market value of approximately \$1,000,000.

Note 6 - Lease Obligations

CWU leases various facilities under operating lease arrangements which expire at various dates through fiscal year 2014. In the ordinary course of business, CWU renews leases on a yearly basis, based on community housing program needs. CWU leases program space as tenant-at-will from HCI (see Note 7). Certain of these lease commitments contain provisions for termination should CWU experience reduced or eliminated funding.

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 6 - Lease Obligations (Continued)

Total rent expense amounted to approximately \$1,680,000 and \$1,870,000 for the years ended June 30, 2009 and 2008, respectively.

Future minimum lease payments under these leases are as follows:

2010	\$	820,686
2011		413,092
2012		393,152
2013		388,374
2014		382,984
Thereafter		127,661

Note 7 - Related Party Transactions

Horizons Collaborative, Inc. (HCI) was formed on August 10, 2000 under the laws of the Commonwealth of Massachusetts as a nonprofit corporation in order to improve the housing and general living conditions of primarily low and moderate income battered and homeless women and their children. CWU has occupancy as the sole tenant of HCI's only building which consists of eleven affordable housing units. HCI is sponsored by Crittenton Women's Union and the Caleb Foundation, who each appoint three members to the Board of Directors with the seventh member of the Board being independently selected by the HCI Board. CWU is the managing agent under a management agreement with HCI and the Caleb Foundation. CWU provides accounting, management and maintenance services to HCI. CWU is not a guarantor of any HCI debt. HCI pays a partner's overhead fee to both CWU and the Caleb Foundation.

Revenue and expenses, as a result of transactions with HCI for the year ended June 30, are as follows:

	<i>2009</i>	<i>2008</i>
Income earned for:		
Building management staff	\$ 32,400	\$ 31,725
Accounting services	7,200	7,200
Expenses		
Rent	\$ 86,000	\$ 84,000

Accounts payable due to HCI as of June 30, 2009 and 2008 totaled \$11,346 and \$0, respectively. Accounts receivable due from HCI as of June 30, 2009 and 2008 totaled \$7,844 and \$0, respectively.

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 8 - Retirement Benefits

CWU maintains a defined contribution pension plan (the "Plan") for all eligible employees. Eligibility is based on length of service. Contributions to the Plan are employer funded and represent 4% of regular pay for eligible employees up to a maximum of \$2,000. In November 2008, in response to an anticipated revenue shortfall due to the economic crisis, CWU took measures to reduce expenses, including the suspension of CWU contributions to the employee pension plan. Expenses under this plan were approximately \$35,000 and \$80,000 for the years ended June 30, 2009 and 2008, respectively.

In addition, CWU maintains a tax deferred annuity plan which is funded entirely by employee contributions.

Note 9 - Contingencies

CWU is contingently liable for approximately \$3.2 million granted in prior years by the Commonwealth of Massachusetts, the City of Boston, and the Federal Home Loan Bank of Boston associated with the renovation of its sixty-two units of transitional and affordable housing at Ten Perthshire Road and seven units of transitional housing for victims of domestic violence at an undisclosed location. Should CWU not be able to honor the restricted use provisions over the terms of the arrangements, amounts presently recorded as temporarily restricted net assets would need to be recognized as a liability in the financial statements.

The terms restricting the use of CWU's facility under these arrangements run for a period of fifteen or thirty years; after this period, the use of the facility will not longer be restricted. For accounting purposes, the value of the grant is being amortized and released from temporarily restricted to unrestricted in accordance with the terms of the mortgages. In order to secure and enforce these restrictions, the funding entities have recorded a second mortgage interest in CWU's primary operating facility for the entire value of the funds provided, in addition to recording land use restrictions covering the portion of the facility which directly benefited from the funding. One of the land use restrictions contains a purchase option allowing the largest funder the right to acquire up to a ninety-nine year leasehold interest in the portion of the facility directly related to the "affordable" housing units for its then fair value plus any reduction in value relative to the remaining portion of the facility, if impacted by the continued operation of the housing units. In addition, this document provides for a right of first refusal to purchase the facility under certain circumstances.

CWU is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Organization.

Note 10 - Net Assets and Endowment Matters

New Accounting Pronouncement

The Financial Accounting Standards Board ("FASB") has issued FASB staff position 117-1 ("FSP 117-1") effective for fiscal years ending after December 15, 2008. CWU adopted FSP 117-1 as of the July 1, 2008. FSP 117-1 requires enhanced disclosures for each period for which the organization presents financial statements.

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 10 - Net Assets and Endowment Matters (Continued)

New Accounting Pronouncement (Continued)

The following represents required disclosure relative to the composition of investments at June 30:

	2009				
	<i>Unrestricted Net Assets</i>	<i>Unrestricted Board Designated</i>	<i>Temporarily Restricted Net Assets</i>	<i>Permanently Restricted Net Assets</i>	<i>Total</i>
Investments at beginning of year	\$ 392,569	\$ 3,724,039	\$ 373,072	\$ 1,282,949	\$ 5,772,629
Investment returns:					
Interest and dividends	8,587	72,459	32,224	-	113,270
Net realized and unrealized gains (losses)	<u>(74,695)</u>	<u>(708,593)</u>	<u>(315,100)</u>	<u>-</u>	<u>(1,098,388)</u>
Total investment returns	(66,108)	(636,134)	(282,876)	-	(985,118)
Expenditures:					
Amounts appropriated under endowment spending policy for operations:	291,000	(291,000)	-	-	-
Other expenditures:					
Operations	<u>(102,244)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,244)</u>
Net investment returns and expenditures	<u>122,648</u>	<u>(927,134)</u>	<u>(282,876)</u>	<u>-</u>	<u>(1,087,362)</u>
Investments at end of year	<u>\$ 515,217</u>	<u>\$ 2,796,905</u>	<u>\$ 90,196</u>	<u>\$ 1,282,949</u>	<u>\$ 4,685,267</u>
	2008				
	<i>Unrestricted Net Assets</i>	<i>Unrestricted Board Designated</i>	<i>Temporarily Restricted Net Assets</i>	<i>Permanently Restricted Net Assets</i>	<i>Total</i>
Investments at beginning of year	\$ 560,001	\$ 4,205,392	\$ 587,098	\$ 1,282,949	\$ 6,635,440
Investment returns:					
Interest and dividends	15,208	114,213	50,781	-	180,202
Net realized and unrealized gains (losses)	<u>(52,485)</u>	<u>(394,134)</u>	<u>(175,239)</u>	<u>-</u>	<u>(621,858)</u>
Total investment returns	(37,277)	(279,921)	(124,458)	-	(441,656)
Expenditures:					
Amounts appropriated under endowment spending policy for operations:	291,000	(201,432)	(89,568)	-	-
Other expenditures:					
Operations	<u>(421,155)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(421,155)</u>
Net investment returns and expenditures	<u>(167,432)</u>	<u>(481,353)</u>	<u>(214,026)</u>	<u>-</u>	<u>(862,811)</u>
Investments at end of year	<u>\$ 392,569</u>	<u>\$ 3,724,039</u>	<u>\$ 373,072</u>	<u>\$ 1,282,949</u>	<u>\$ 5,772,629</u>

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 10 - Net Assets and Endowment Matters (Continued)

The investment return appropriated from temporarily restricted to unrestricted for operations was \$0 and \$89,568 for the years ended June 30, 2009 and 2008, respectively.

Endowment

CWU's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of CWU has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) signed into law in the Commonwealth of Massachusetts, effective for fiscal year ended June 30, 2009 and thereafter, requiring the preservation of the original value 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, CWU classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original gift value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by CWU in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, CWU considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Spending Policy

CWU currently allocates all interest, dividends and realized gains on investments to unrestricted net assets to be used for operations. CWU has interpreted state law as requiring realized and unrealized gains of permanently restricted net assets to be retained in a restricted net asset classification until appropriated by the Board of Directors and expended. State law allows the Board of Directors to appropriate as much of net appreciation of permanently restricted net assets as is prudent considering CWU's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends and general economic conditions subject to any donor stipulations. For the year ended June 30, 2009, the Board of Directors maintained the spending rule to appropriate 5% of a three-year moving average of the market value of the assets related to the Permanently Restricted Funds to be used for operations. Investment returns in excess of those appropriated by applying the spending rule on permanently restricted net assets are reinvested and increase temporarily restricted net assets. In addition, CWU follows a spending policy based on 5% of a three year rolling market value for its other invested funds.

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 10 - Net Assets and Endowment Matters (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor requires CWU to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are to be reported in unrestricted net assets. There were no such deficiencies as of June 30, 2009 or 2008.

Return Objectives and Risk Parameters

CWU's investment portfolio is managed to provide for the long-term support of CWU. Accordingly, these funds are managed with disciplined longer-term investment objectives and strategies designed to meet cash flow and spending requirements. Management of the assets is designed to attain the maximum total return consistent with acceptable and agreed upon levels of risk

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, CWU relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CWU targets an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, CWU seeks broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

Note 11 - Discontinued Operations

On May 22, 2008, the Board of CWU voted to transfer or close the Madison Park Day Care Center by the end of the calendar year. The transfer of license and ownership of the site were with another non-profit organization in April 2009. The net activity of this program is included in discontinued operations on the statement of activities for the year ended June 30, 2009 and 2008.

In June 2009, CWU exited two additional programs: the home-based early literacy program for children under three years old, and the alternative high school education course for pregnant Boston Public School students. The net activity of these programs is included in discontinued operations on the statement of activities for the year ended June 30, 2009.

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 11 - Discontinued Operations (Continued)

Activities for the discontinued operations were as follows for the year ended June 30, 2009:

	<i>Day Care Center</i>	<i>Home-Based Early Literacy</i>	<i>Alternative High School Education</i>	<i>Total</i>
Program service fees	\$ 364,095	\$ 354,399	\$ 113,168	\$ 831,662
Donated services	<u>-</u>	<u>-</u>	<u>192,376</u>	<u>192,376</u>
 Total revenue and support	 364,095	 354,399	 305,544	 1,024,038
 Program direct expenses excluding occupancy and management	 <u>339,158</u>	 <u>368,836</u>	 <u>258,412</u>	 <u>966,406</u>
 Change in net assets from discontinued operations	 \$ <u>24,937</u>	 \$ <u>(14,437)</u>	 \$ <u>47,132</u>	 \$ <u>57,632</u>

Activities for the discontinued operations were as follows for the year ended June 30, 2008:

	<i>Day Care Center</i>
Program service fees	\$ 490,718
Program direct expenses excluding occupancy and management	<u>422,740</u>
 Change in net assets from discontinued operations	 \$ <u>67,978</u>