

Financial Statements

Crittenton Women's Union, Inc.

June 30, 2008 and 2007



CRITTENTON WOMEN'S UNION, INC.

Financial Statements

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Independent Auditors' Report

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

We have audited the accompanying statements of financial position of Crittenton Women's Union, Inc. ("CWU") as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 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 Crittenton Women's Union, Inc. as of June 30, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Tofias PC". The signature is written in a cursive, flowing style.

September 22, 2008
Cambridge, Massachusetts

Independent Member of BKR International

CRITTENTON WOMEN'S UNION, INC.

Statements of Financial Position

Assets	<i>June 30,</i>	
	2008	2007
Cash and cash equivalents	\$ 1,088,718	\$ 666,456
Restricted cash	171,000	171,000
Contracts, contributions and grants receivable, net of allowance for doubtful accounts of \$60,000	629,592	715,854
Investments	5,772,629	6,635,440
Prepaid expenses and other assets	86,612	112,243
Property, plant and equipment, net	<u>4,705,688</u>	<u>4,699,794</u>
Total assets	<u>\$ 12,454,239</u>	<u>\$ 13,000,787</u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 266,155	\$ 254,232
Accrued expenses	492,800	369,054
Notes payable	<u>546,780</u>	<u>584,854</u>
Total liabilities	<u>1,305,735</u>	<u>1,208,140</u>
Net assets:		
Unrestricted:		
Undesignated	2,810,601	2,696,485
Board designated	<u>3,724,039</u>	<u>4,205,392</u>
Total unrestricted net assets	6,534,640	6,901,877
Temporarily restricted	3,330,915	3,607,821
Permanently restricted	<u>1,282,949</u>	<u>1,282,949</u>
Total net assets	<u>11,148,504</u>	<u>11,792,647</u>
Total liabilities and net assets	<u>\$ 12,454,239</u>	<u>\$ 13,000,787</u>

CRITTENTON WOMEN'S UNION, INC.

Statements of Activities

	<i>Years Ended June 30,</i>				
	<i>2008</i>				<i>2007</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	\$ 6,865,751	\$ -	\$ -	\$ 6,865,751	\$ 7,412,119
Contributions and grants	1,636,546	470,700	-	2,107,246	1,786,859
Special events, net	223,306	-	-	223,306	214,545
Other income	36,322	-	-	36,322	71,338
Donated materials and services	366,518	-	-	366,518	283,632
Investment income appropriated under spending policy	291,000	-	-	291,000	151,174
Net assets released from restrictions - satisfaction of restrictions	533,580	(533,580)	-	-	-
Total revenue and other support	9,953,023	(62,880)	-	9,890,143	9,919,667
Expenses:					
Program services	7,760,253	-	-	7,760,253	8,079,182
Management and general	1,578,351	-	-	1,578,351	1,633,739
Fundraising	531,004	-	-	531,004	546,407
Total expenses	9,869,608	-	-	9,869,608	10,259,328
Change in net assets from continued operations	83,415	(62,880)	-	20,535	(339,661)
Nonoperating activities:					
Interest and dividends	129,421	50,781	-	180,202	151,864
Other income	-	-	-	-	289,218
Gains (losses) on investments	(446,619)	(175,239)	-	(621,858)	840,163
Investment income appropriated under spending policy	(201,432)	(89,568)	-	(291,000)	(151,174)
Total nonoperating activities	(518,630)	(214,026)	-	(732,656)	1,130,071
Discontinued operations:					
Discontinued operations - Madison Park	67,978	-	-	67,978	-
Total discontinued operations	67,978	-	-	67,978	-
Change in net assets	(367,237)	(276,906)	-	(644,143)	790,410
Net assets, beginning	6,901,877	3,607,821	1,282,949	11,792,647	11,002,237
Net assets, ending	\$ 6,534,640	\$ 3,330,915	\$ 1,282,949	\$ 11,148,504	\$ 11,792,647

CRITTENTON WOMEN'S UNION, INC.

Statement of Activities

Year Ended June 30, 2007

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Revenue and other support:				
Program service fees	\$ 7,412,119	\$ -	\$ -	\$ 7,412,119
Contributions and grants	1,399,359	387,500	-	1,786,859
Special events, net	214,545	-	-	214,545
Other income	71,338	-	-	71,338
Donated materials and services	283,632	-	-	283,632
Investment income appropriated under spending policy	151,174	-	-	151,174
Net assets released from restrictions - satisfaction of restrictions	<u>715,996</u>	<u>(715,996)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>10,248,163</u>	<u>(328,496)</u>	<u>-</u>	<u>9,919,667</u>
Expenses:				
Program services	8,079,182	-	-	8,079,182
Management and general	1,633,739	-	-	1,633,739
Fundraising	<u>546,407</u>	<u>-</u>	<u>-</u>	<u>546,407</u>
Total expenses	<u>10,259,328</u>	<u>-</u>	<u>-</u>	<u>10,259,328</u>
Change in net assets from operating activities	<u>(11,165)</u>	<u>(328,496)</u>	<u>-</u>	<u>(339,661)</u>
Change in net assets from nonoperating activities:				
Interest and dividends	107,286	44,578	-	151,864
Other income	289,218	-	-	289,218
Gains on investments	593,582	246,581	-	840,163
Investment income appropriated under spending policy	<u>(72,568)</u>	<u>(78,606)</u>	<u>-</u>	<u>(151,174)</u>
Change in net assets from nonoperating activities	<u>917,518</u>	<u>212,553</u>	<u>-</u>	<u>1,130,071</u>
Change in net assets	<u>906,353</u>	<u>(115,943)</u>	<u>-</u>	<u>790,410</u>
Net assets, beginning	<u>5,995,524</u>	<u>3,723,764</u>	<u>1,282,949</u>	<u>11,002,237</u>
Net assets, ending	<u>\$ 6,901,877</u>	<u>\$ 3,607,821</u>	<u>\$ 1,282,949</u>	<u>\$ 11,792,647</u>

See accompanying notes to the financial statements.

CRITTENTON WOMEN'S UNION, INC.

Statements of Cash Flows

	<i>Years Ended June 30,</i>	
	<i>2008</i>	<i>2007</i>
Cash flows from operating activities:		
Change in net assets	\$ (644,143)	\$ 790,410
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	325,284	450,712
Losses (gains) on investments	621,585	(840,163)
Change in:		
Contracts, contributions and grants receivable	86,262	230,227
Prepaid expenses and other assets	25,631	(9,135)
Accounts payable	11,923	(84,879)
Accrued expenses	<u>123,746</u>	<u>(82,297)</u>
Net cash provided by operating activities	<u>550,288</u>	<u>454,875</u>
Cash flows from investing activities:		
Purchases of investments	(13,260,779)	(989,969)
Proceeds from sale of investments	13,502,005	842,197
Purchases of property and equipment	<u>(331,178)</u>	<u>(73,487)</u>
Net cash used in investing activities	<u>(89,952)</u>	<u>(221,259)</u>
Cash flows from financing activities:		
Payments on notes payable	<u>(38,074)</u>	<u>(345,441)</u>
Net cash used in financing activities	<u>(38,074)</u>	<u>(345,441)</u>
Net increase (decrease) in cash and cash equivalents	422,262	(111,825)
Cash and cash equivalents, beginning	<u>837,456</u>	<u>949,281</u>
Cash and cash equivalents, ending	<u>\$ 1,259,718</u>	<u>\$ 837,456</u>
Supplemental information:		
Cash paid for interest	<u>\$ 37,511</u>	<u>\$ 52,204</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 not-for-profit 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. We accomplish this by:

- Providing safe housing, caring supports, education and training programs;
- Innovating new programmatic designs based on research and client experience;
- Using this knowledge and experience to shape public policy and achieve social change.

CWU was formed via a merger of the organizations previously known as Crittenton, Inc. and The Women's Union. Operations were merged effective July 1, 2006, building on the extraordinary strengths of both agencies to further their shared commitment to helping low-income and at-risk families achieve personal and economic self-sufficiency through expansion of educational and economic opportunities. The accounting for the merger is on a pooling-of-interest basis whereby assets, liabilities and net assets of the respective entities are combined at their book values.

By combining staff and resources, CWU has positioned itself to expand programs; dedicate more resources toward research and new initiatives; and advocate for public policy changes to increase opportunities for economic self-sufficiency of the individuals and families they serve.

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:

	2008	2007
Capital projects	\$ -	\$ 17,411
Program services	215,651	144,765
Housing expansion projects grants	2,742,191	2,858,545
Accumulated unspent gains on permanently restricted net assets	<u>373,073</u>	<u>587,100</u>
Total	<u>\$ 3,330,915</u>	<u>\$ 3,607,821</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. CWU believes that it is not exposed to any significant credit risk on cash and cash equivalents. These assets are stated at cost, which approximates market value.

Investments

Investments are carried at fair market value, based on quoted market prices.

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

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

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.

Spending Policy

The Board of Directors has interpreted Chapter 180A of Massachusetts General Laws ("State Law") as requiring realized and unrealized gains and losses of permanently restricted net assets to be retained in a temporarily restricted net asset classification until appropriated by the Board and expended. State Law allows the Board to appropriate each year the amount of net appreciation 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. The Board has authorized a spending policy based on 5% of a three-year rolling market value of these funds.

The cumulative net unspent appreciation on permanently restricted investments is accounted for as temporarily restricted and is not available for distribution, except by the express action of the Board.

In addition, CWU follows a spending policy based on 5% of a three-year rolling market value for its other invested funds. During 2007, the Board reduced the normal spending policy by \$100,000.

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.

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

Employees of the Boston Public Schools render services to CWU for its Education program. The value of these services amounted to \$186,773 and \$181,333 for the years ended June 30, 2008 and 2007, respectively.

CWU receives the use of a transitional house for homeless women and their children from the City of Boston for a nominal annual rental. The value of the donated rent amounted to \$54,000 for the years ended June 30, 2008 and 2007.

CWU received donated legal services from Goodwin Procter LLP in the amount of \$81,143 and \$46,735 for the years ended June 30, 2008 and 2007, respectively.

CWU also received donated oil by Citizens Energy to provide heating to its Brighton transitional housing campus in the amount of \$44,602 for the year ended June 30, 2008.

CWU also received donated catering from Wellesley University in the amount of \$1,564 for the year ended June 30, 2007.

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

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

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.

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 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.

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 2 - Investments

Investments consisted of the following at June 30:

	<i>2008</i>	<i>2007</i>
Money market accounts	\$ 101,296	\$ 547,644
Bond Funds	1,713,310	1,101,929
Equity Funds	<u>3,958,023</u>	<u>4,985,867</u>
Investments	<u>\$ 5,772,629</u>	<u>\$ 6,635,440</u>

The Components of net investments consisted of the following at June 30:

	<i>2008</i>	<i>2007</i>
Unrestricted	\$ 392,569	\$ 560,001
Unrestricted, Board Designated	3,724,039	4,205,392
Temporarily Restricted	373,072	587,098
Permanently Restricted	<u>1,282,949</u>	<u>1,282,949</u>
Net Investments	<u>\$ 5,772,629</u>	<u>\$ 6,635,440</u>

In connection with overall market conditions, subsequent to year end, market values of investments declined by a significant amount.

Net investment income consisted of the following at June 30, 2008:

	<u><i>Unrestricted</i></u>	<u><i>Unrestricted, Board Designated</i></u>	<u><i>Total Unrestricted</i></u>	<u><i>Temporarily Restricted</i></u>	<u><i>Total</i></u>
Interest and dividends	\$ 15,208	\$ 114,213	\$ 129,421	\$ 50,781	\$ 180,202
Unrealized/realized gain	<u>(52,485)</u>	<u>(394,134)</u>	<u>(446,619)</u>	<u>(175,239)</u>	<u>(621,858)</u>
Total investment return	(37,277)	(279,921)	(317,198)	(124,458)	(441,656)
Spending policy transfer (to) from temporarily restricted	<u>291,000</u>	<u>(201,432)</u>	<u>89,568</u>	<u>(89,568)</u>	<u>-</u>
Investment income net of amounts appropriated	<u>\$ 253,723</u>	<u>\$ (481,353)</u>	<u>\$ (227,630)</u>	<u>\$ (214,026)</u>	<u>\$ (441,656)</u>

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 2 - Investments (Continued)

Net investment income consisted of the following at June 30, 2007:

	<u>Unrestricted</u>	<u>Unrestricted, Board Designated</u>	<u>Total Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 9,422	\$ 97,864	\$ 107,286	\$ 44,578	\$ 151,864
Unrealized/realized gain	<u>52,254</u>	<u>541,328</u>	<u>593,582</u>	<u>246,581</u>	<u>840,163</u>
Total investment return	61,676	639,192	700,868	291,159	992,027
Spending policy transfer (to) from temporarily restricted	<u>151,174</u>	<u>(72,568)</u>	<u>78,606</u>	<u>(78,606)</u>	<u>-</u>
Investment income net of amounts appropriated	\$ <u>212,850</u>	\$ <u>566,624</u>	\$ <u>779,474</u>	\$ <u>212,553</u>	\$ <u>992,027</u>

Note 3 - Property, Plant and Equipment

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

	<i>2008</i>	<i>2007</i>
Land	\$ 20,000	\$ 20,000
Buildings and improvements	6,719,374	6,459,448
Furniture and equipment	689,209	617,957
Vehicles	<u>49,258</u>	<u>49,258</u>
	7,477,841	7,146,663
Less: accumulated depreciation	<u>2,772,153</u>	<u>2,446,869</u>
Property, plant and equipment, net	\$ <u>4,705,688</u>	\$ <u>4,699,794</u>

CWU disposed of approximately \$46,000 and \$279,000 of fully depreciated capital assets during the years ended June 30, 2008 and 2007, respectively.

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 4 - Notes Payable

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. During fiscal year 2007, CWU made an early payment of \$300,000 towards the loan.

Under the loan arrangement, CWU is required to maintain a minimum debt service coverage ratio. At June 30, 2008 and 2007, CWU was in compliance with this requirement.

Maturities of CWU's notes payable as of June 30, 2008 are as follows:

2009	\$	41,258
2010		44,021
2011		46,969
2012		414,532

Note 5 - 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 6). Certain of these lease commitments contain provisions for termination should CWU experience reduced or eliminated funding.

Total rent expense amounted to approximately \$1,870,000 and \$1,873,000 for the years ended June 30, 2008 and 2007, respectively.

Future minimum lease payments under these leases are as follows:

2009	\$	1,223,938
2010		394,486
2011		390,892
2012		389,452
2013		388,374
Thereafter		510,645

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 6 - 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>2008</i>	<i>2007</i>
Income earned for:		
Building management staff	\$ 31,725	\$ 28,668
Accounting services	7,200	7,200
Partner's overhead	-	2,830
Expenses		
Rent	\$ 84,000	\$ 101,000

Accounts payable due to HCI as of June 30, 2008 and 2007 totaled \$0 and \$7,000, respectively. Accounts receivable due from HCI as of June 30, 2008 and 2007 totaled \$0 and \$3,225, respectively.

Note 7 - 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. Expenses under this plan were approximately \$80,000 and \$83,000 for the years ended June 30, 2008 and 2007, respectively. In addition, CWU maintains a tax deferred annuity plan which is funded entirely by employee contributions.

Note 8 - 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.

CRITTENTON WOMEN'S UNION, INC.

Notes to Financial Statements

Note 8 - Contingencies (Continued)

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 9 - Subsequent Events

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. Negotiations for transfer of license and ownership of the site are currently underway with another non-profit organization. The net activity of this program is included in discontinued operations on the statement of activities for the year ended June 30, 2008.

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.