

CENIKOR FOUNDATION, INC.**Financial Statements****June 30, 2008 and 2007**
(With Independent Auditors' Report Thereon)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/5/10

INDEPENDENT AUDITORS' REPORT

Board of Directors
Cenikor Foundation, Inc.:

We have audited the accompanying statement of financial position of Cenikor Foundation, Inc. (Cenikor) as of June 30, 2008, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Cenikor's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Cenikor Foundation, Inc. as of June 30, 2007 were audited by other auditors whose report dated November 13, 2007 expressed an unqualified opinion on those statements.

We conducted our audit 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 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 Cenikor'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. An audit also includes assessing the accounting principles used and 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 Cenikor Foundation, Inc. as of June 30, 2008, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mir & Fox; Rodriguez

November 11, 2008

CENIKOR FOUNDATION, INC.

Statements of Financial Position
June 30, 2008 and 2007

<u>Assets</u>	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 3,884,485	2,240,847
Short-term investments	407,168	824,664
Accounts receivable, net of allowance for doubtful accounts of \$16,894 and \$23,648 at June 30, 2008 and 2007, respectively	665,248	642,484
Grant receivable	134,599	123,267
Pledges receivable	41,500	
Inventories, prepaid and other assets	29,068	46,407
Property and equipment, net	8,240,940	8,555,356
Assets held by trustee	267,290	264,384
Deferred financing costs, net	92,883	101,892
Total assets	\$ <u>13,763,181</u>	<u>12,799,301</u>
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	720,021	503,214
Bonds payable	2,680,000	2,815,000
Long-term capital leases	17,857	33,715
Long-term debt	173,525	329,902
Total liabilities	<u>3,591,403</u>	<u>3,681,831</u>
 Net assets:		
Unrestricted:		
Undesignated	8,549,061	7,599,532
Board designated	1,432,883	1,373,428
Temporarily restricted	189,834	144,510
Total net assets	<u>10,171,778</u>	<u>9,117,470</u>
Total liabilities and net assets	\$ <u>13,763,181</u>	<u>12,799,301</u>

See accompanying notes to financial statements.

CENIKOR FOUNDATION, INC.

**Statements of Activities and Changes in Net Assets
Years Ended June 30, 2008 and 2007**

	2008		2007	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Public support and revenues:				
Public support:				
Direct government aid	\$ 662,703		475,559	
Special events revenue	448,065		519,089	
Cash contributions	289,414	284,940	333,340	142,036
In-kind contributions	1,287,156		945,552	
Total public support	<u>2,687,338</u>	<u>284,940</u>	<u>2,273,540</u>	<u>142,036</u>
Revenues:				
Vocational services	5,928,250		5,227,096	
Grant revenue	977,128		895,017	
Interview and assessment fees	74,454		36,984	
Re-entry rent	116,574		81,725	
Investment income	116,931		123,996	
Gain on disposal of property and equipment	11,866		227,786	
Other income, net	147,117		116,549	
Total revenues	<u>7,372,320</u>	<u>-</u>	<u>6,709,153</u>	<u>-</u>
Net assets released from restrictions, satisfaction of program restrictions	239,616	(239,616)	214,172	(214,172)
Total public support and revenues	<u>10,299,274</u>	<u>45,324</u>	<u>9,196,865</u>	<u>(72,136)</u>
Expenses:				
Program services	7,936,143		6,663,706	
General and administrative	886,680		1,237,033	
Fundraising	467,467		382,844	
Total expenses	<u>9,290,290</u>	<u>-</u>	<u>8,283,583</u>	<u>-</u>
Change in net assets from continuing operations	1,008,984	45,324	913,282	(72,136)
Net assets, beginning of year	8,972,960	144,510	8,059,678	216,646
Net assets, end of year	<u>\$ 9,981,944</u>	<u>189,834</u>	<u>8,972,960</u>	<u>144,510</u>

See accompanying notes to financial statements.

CENIKOR FOUNDATION, INC.

**Statement of Functional Expenses
Year Ended June 30, 2008**

	Program Services	Management and General	Fundraising	Total
Residents:				
Food	\$ 665,980			665,980
Clothing and sundry	20,402			20,402
Education	25,249			25,249
Commissary	185,689			185,689
Lab analysis	16,025			16,025
Facility licensure	1,160			1,160
Resident travel	2,294			2,294
Donated resident merchandise	1,135,660			1,135,660
Other	30,602			30,602
Total residents	2,083,061	-	-	2,083,061
Expenses:				
Accounting	2,434	20,451		22,885
Advertising	4,800			4,800
Bad debt expense	17,941	913		18,854
Computer support	43,928	21,779	6,047	71,752
Employee benefits	281,621	30,431	17,555	329,607
Household supplies	21,765			21,765
Human resources	6,059	18,804		25,883
Vocational services supplies	12,101			12,101
Lawn care supplies	5,144			5,144
Insurance	586,973	26,766	30,340	644,079
Interest	145,127	831		145,958
Kitchen supplies	27,749			27,749
Medical	95,660			95,660
Office expense	26,747	15,924		42,671
Parking and fuel	204,740	10,952	9,409	225,101
Payroll taxes	200,410	28,737	13,542	242,689
Pension expense	78,346	15,403	6,401	100,150
Postage expense	11,627	2,553		14,180
Professional fees	2,388	85,129		87,517
Professional training	33,421	39,889	8,703	82,013
Property taxes	827	506		1,333
Public relations, printing, and member fees	11,636	9,949		21,585
Rental and lease	50,497	32,581	7,887	90,965
Repairs and maintenance	150,826	365		151,191
Salaries	2,257,448	390,365	162,680	2,810,493
Relocation allowance		5,100		5,100
Shipping	805	2,363		3,168
Telephone	66,340	7,682	4,293	78,315
Employee meals and recognition	6,480	9,760		16,240
Travel- Board and Staff	22,458	58,259	7,622	88,339
Travel- admissions and outreach	7,344			7,344
Utilities	629,340	6,661	30,063	666,064
Vehicle maintenance	56,543			56,543
Direct cost of event services			74,813	74,813
Donated services and merchandise	106,206		45,290	151,496
Other expenses	885	2,437		3,322
Total expenses before depreciation and amortization	7,259,675	845,590	424,645	8,529,910
Depreciation and amortization	676,468	41,090	42,822	760,380
Total functional expenses	\$ 7,936,143	886,680	467,467	9,280,290

See accompanying notes to financial statements.

CENIKOR FOUNDATION, INC.

**Statement of Functional Expenses
Year Ended June 30, 2007**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Residents:				
Food	\$ 536,935			536,935
Clothing and sundry	7,375			7,375
Education	3,057			3,057
Commissary	130,776			130,776
Lab analysis	12,783			12,783
Facility licensure	21,819			21,819
Resident travel	1,425			1,425
Donated resident merchandise	707,512			707,512
Other	21,785			21,785
	<u>1,443,487</u>	<u>-</u>	<u>-</u>	<u>1,443,487</u>
Expenses:				
Accounting	6,087	14,287		20,364
Advertising	5,076			5,076
Bad debt expense	7,504	583		8,067
Computer support	40,698	29,550	8,122	78,370
Employee benefits	238,440	46,494	15,009	299,943
Household supplies	4,967			4,967
Vocational services supplies	8,706			8,706
Lawn care supplies	1,933			1,933
Insurance	503,424	32,979	17,648	554,049
Interest	169,294	17,792		187,086
Kitchen supplies	29,524			29,524
Medical	80,225			80,225
Office expense	20,402	28,814	534	49,750
Parking and fuel	186,720	12,247	9,717	208,684
Payroll taxes	148,935	34,101	11,740	194,776
Pension expense	66,095	34,620	4,435	106,150
Postage expense	10,999	3,893		14,892
Professional fees	2,787	141,921		144,708
Professional training	34,810	19,294	2,094	56,198
Project supplies		520	1,267	1,787
Property taxes	933	2		935
Public relations	12,714	2,984	550	16,248
Rental and lease	36,038	77,842	2,990	116,870
Repairs and maintenance	95,386	11,312		106,698
Salaries	1,956,273	470,328	155,465	2,583,066
Relocation allowance		27,483		27,483
Shipping	752	2,905		3,657
Telephone	67,186	14,850	3,459	85,295
Employee meals and recognition	8,123	8,868		16,991
Travel	26,533	57,109	5,801	89,443
Admissions and outreach	2,701	244		2,945
Utilities	557,287	19,384	27,911	604,582
Vehicle maintenance	52,460			52,460
Direct cost of event services			45,905	45,905
Donated services and merchandise	152,367	40,000	45,673	238,040
Other expenses	83,297			83,297
	<u>6,062,143</u>	<u>1,150,196</u>	<u>359,318</u>	<u>7,571,657</u>
Depreciation and amortization	601,583	88,837	23,526	711,926
Total functional expenses	<u>\$ 6,663,708</u>	<u>1,237,033</u>	<u>382,844</u>	<u>8,283,583</u>

See accompanying notes to financial statements.

CENIKOR FOUNDATION, INC.

**Statements of Cash Flows
Years Ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Changes in net assets	\$ 1,054,308	841,146
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	751,371	702,917
Amortization of deferred financing costs	9,009	9,009
Gains on disposal of property and equipment	(11,866)	(227,786)
Change in operating assets and liabilities:		
Accounts receivable	(22,764)	(234,903)
Grant receivable	(11,332)	
Pledges receivable	(41,500)	2,433
Assets held by trustee	(2,906)	
Inventories, prepaid and other assets	17,339	51,095
Accounts payable and accrued expenses	216,807	159,850
Net cash provided by operating activities	<u>1,958,466</u>	<u>1,303,761</u>
Cash flows from investing activities:		
Purchases of property and equipment	(442,847)	(428,620)
Proceeds from disposal of property and equipment	17,758	506,386
Decrease (increase) in short-term investments	417,496	(14,665)
Net cash (used) provided by investing activities	<u>(7,593)</u>	<u>63,101</u>
Cash flows from financing activities -		
repayments of long-term debt, bonds payable and capital leases	<u>(307,235)</u>	<u>(221,771)</u>
Net increase in cash	1,643,638	1,145,091
Cash and cash equivalents, beginning of year	2,240,847	1,095,756
Cash and cash equivalents, end of year	<u>\$ 3,884,485</u>	<u>2,240,847</u>
Supplementary disclosure - interest paid	<u>\$ 145,958</u>	<u>187,086</u>

See accompanying notes to financial statements.

CENIKOR FOUNDATION, INC.

Notes to Financial Statements June 30, 2008 and 2007

1. Nature of Operations and Summary of Significant Accounting Policies

Cenikor Foundation, Inc. (Cenikor) is a nonprofit, tax-exempt corporation incorporated on July 30, 1968, for the purpose of providing services to individuals, organizations and the community at large in the areas of treatment, rehabilitation, education, vocational training, prevention and outreach programs relating to the problems of chemical dependency. Rehabilitation services and fundraising activities are conducted from Cenikor's facilities in Houston and Fort Worth, Texas, and Baton Rouge, Louisiana. Cenikor also operates an in-prison program for the State of Texas at Dayton, Texas.

All program participants at Cenikor's facilities are required to live at the facility, and are provided food, housing, therapy and vocational rehabilitation. Vocational rehabilitation includes providing industry services to various businesses and individuals in each city in which Cenikor operates. These services are performed by "first phase" resident members. During the second phase of the Cenikor program, participants continue residence at the facility, work at an outside job, and pay a monthly room and board fee.

Cenikor emphasizes its vocational training by promoting its industry programs managed and operated by the residents.

Governance of the affairs of Cenikor is vested with a Board of Directors consisting of outside community leaders and Cenikor officers.

Significant accounting policies followed in the preparation of the financial statements conform to accounting principles generally accepted in the United States of America and to general practices within the voluntary health and welfare industry. The following summarizes the more significant of such principles and practices.

Cash and cash equivalents

Cenikor considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2008 and 2007, cash equivalents consisted primarily of money market investments and certificates of deposit.

Short-term investments

Cenikor's short-term investments consist of certificates of deposit with original maturity between five months and one year.

Accounts receivable

Accounts receivable are stated at the amount billed to customers. Cenikor provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Delinquent receivables are written off, based on individual credit evaluation and specific circumstances of the customer.

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CENIKOR FOUNDATION, INC.

Notes to Financial Statements, Continued

Pledges receivable

Pledges, less a provision for uncollectible amounts, are recorded as pledges receivable in the year made. Unrestricted pledges are recorded as unrestricted gift income; restricted pledges are recorded as increases in temporarily or permanently restricted net assets, depending on the donor restrictions received with the pledge.

Property and equipment

Property and equipment is valued at cost if purchased and fair value if contributed. Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Temporarily restricted net assets

Temporarily restricted net assets are those whose use by Cenikor has been limited by donors to a specific time period or purpose.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor-stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in a future period are recorded as temporarily restricted and then released from restriction.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. It is Cenikor's policy to imply a time restriction, based on the asset's estimated useful lives, on donations of property and equipment that are not restricted as their use by the donor. Accordingly, those donations are recorded as support increasing temporarily restricted net assets. Cenikor reclassifies temporarily restricted net assets to unrestricted net assets each year in the amount of the donated property and equipment's depreciation expense.

In-kind contributions

In addition to receiving cash contributions, Cenikor receives in-kind contributions from various donors. It is the policy of Cenikor to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended June 30, 2008 and 2007, \$1,287,156 and \$945,552, respectively, were received in in-kind contributions. Over 80% of these contributions relate to food donations from food banks.

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CENIKOR FOUNDATION, INC.

Notes to Financial Statements, Continued

Deferred financing costs

Expenses related to the issuance of bonds are deferred and amortized over the term of the bond issue using the bonds outstanding method.

Government grants

Support funded by grants is recognized as Cenikor performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income taxes

Cenikor is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, Cenikor is subject to Federal income tax on any unrelated business taxable income.

Functional allocation of expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Certain costs have been allocated among the program, management, and general and fundraising categories based on square footage, number of program staff or other reasonable methods.

Use of estimates

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

Reclassifications

Certain reclassifications have been made to the 2007 financial statements to conform to the 2008 financial statement presentation. These reclassifications had no effect on the change in net assets.

2. Pledges Receivable

At June 30, 2008, all pledges receivable are expected to be collected during the next year. Management has determined that the pledges receivable are fully collectible, therefore, no allowances for uncollectible accounts were considered necessary at June 30, 2008. Pledges receivables consist of the following at June 30, 2008:

Donor imposed restricted pledges	\$ 40,000
Other- unrestricted pledges	<u>1,500</u>
	\$ <u>41,500</u>

Continued

CENIKOR FOUNDATION, INC.

Notes to Financial Statements, Continued

3. Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2008</u>	<u>2007</u>
Land	\$ 1,392,840	1,392,840
Buildings and leasehold improvements	10,197,989	9,926,963
Furniture and equipment	1,700,362	2,038,713
Construction in process	84,790	152,512
Vehicles	<u>773,262</u>	<u>798,671</u>
	14,149,223	14,309,699
Less: Accumulated depreciation	<u>(5,908,283)</u>	<u>(5,754,343)</u>
	<u>\$ 8,240,940</u>	<u>8,555,356</u>

Depreciation expense was \$751,371 and \$702,917 for the years ended June 30, 2008 and 2007, respectively.

4. Revenue Bonds Payable

In April 2001, Cenikor issued Louisiana Public Facilities Authority Revenue Bonds in the amount of \$3,500,000. As of June 30, 2008 and 2007, the amount of bonds outstanding was \$2,680,000 and \$2,815,000, respectively. The bonds are due per the scheduled redemption of the bonds through April 1, 2021, unless they are not remarketed, at which time they can be called. The bonds bear interest at a market rate determined weekly by the remarketing agent. Interest is payable monthly. The bonds are subject to an optional tender by the bond holders at any time at par value, plus accrued interest.

The notes are secured by a letter of credit issued in the amount of \$3,539,123 by Union Planters Bank, N.A., pursuant to a reimbursement agreement between Cenikor and Union Planters Bank, N.A. The reimbursement agreement defines the obligations of Cenikor and is secured by all of Cenikor's present and future rights, title, interests to and under all leases, licenses, and all other contracts used in the operation of the facility. The reimbursement agreement requires Cenikor to immediately repay any amounts drawn on the letter of credit and meet certain financial covenants pertaining to reserves, debt to net worth and liquidity as detailed in the agreement. The agreement provides that Cenikor will make payments according to the scheduled redemption of the bonds, as shown below:

Year Ending <u>June 30,</u>	
2009	\$ 145,000
2010	155,000
2011	165,000
2012	170,000
2013	180,000
Thereafter	<u>1,865,000</u>
	<u>\$ 2,680,000</u>

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GENIKOR FOUNDATION, INC.

Notes to Financial Statements, Continued

5. Long-Term Debt and Capital Leases

	<u>2008</u>	<u>2007</u>
Note payable to bank, Houston; 4.75% in interest; used for repairs to the Houston facility; secured by the related property; note due in full in May 2010.	\$ 138,997	208,204
Note payable related to various capital leases covering office equipment, 8% interest note is due in monthly installments; secured by related equipment	17,857	33,715
Notes payable to finance company; proceeds from these notes used to finance vehicles; notes due in monthly installments, including interest; secured by related vehicles.	<u>34,528</u>	<u>121,698</u>
	191,382	363,617
Less current installments	<u>(99,201)</u>	<u>(187,260)</u>
	<u>\$ 92,181</u>	<u>176,357</u>

Aggregate annual maturities and sinking fund requirements of long-term debt and payments on capital lease obligations are as follows:

<u>Year Ending June 30,</u>	<u>Long-term Debt (Excluding Leases)</u>	<u>Capital Lease Obligations</u>
2009	\$ 82,797	16,404
2010	75,051	1,453
2011	11,721	
2012	<u>3,956</u>	<u> </u>
	<u>\$ 173,525</u>	<u>17,857</u>

Property and equipment include the following property under capital leases at June 30:

	<u>2008</u>	<u>2007</u>
Office equipment	\$ 45,083	45,083
Less accumulated depreciation	<u>(29,774)</u>	<u>(14,746)</u>
	<u>\$ 15,309</u>	<u>30,337</u>

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CENIKOR FOUNDATION, INC.

Notes to Financial Statements, Continued

6. **Temporarily Restricted Net Assets**

At June 30, 2008 and 2007, temporarily restricted net assets were \$189,834 and \$144,510, respectively. Restricted net assets are for use in subsequent fiscal years and future facility renovations.

7. **Net Assets Released From Restrictions**

Net assets of \$239,616 and \$214,172 were released from donor restrictions during the years ended June 30, 2008 and 2007, respectively, by incurring expenses satisfying grant restrictions and time restrictions specified by donors.

8. **Operating Leases**

Cenikor leases office facilities and certain equipment under noncancelable operating lease agreements which expire at various dates.

In addition, Cenikor is leasing an office under a five year non cancelable lease, expiring in July 2009. This office space is being subleased under a noncancelable agreement expiring July 2009.

The following is a schedule of future minimum lease payments required under the above operating leases as of June 30, 2008:

Year Ending <u>June 30,</u>	
2009	\$ 88,811
2010	68,004
2011	<u>51,044</u>
	<u>\$ 207,859</u>

The above lease expenses will be offset by \$120,685 in sublease income through the year ending July 2009.

Rental expense amounted to \$205,785 and \$189,373 during the years ended June 30, 2008 and 2007, respectively. Rentals under the sublease amounted to \$114,820 and \$72,503 during the years ended June 30, 2008 and 2007, respectively.

On September 12, 2008, Hurricane Ike hit Houston, damaging the office space which Cenikor subleases, making it untenable. Per the casualty provisions in the lease agreement, while the building is untenable Cenikor owes no rent to the building owner and Cenikor is due no rent from the subtenant. The building owner had 60 days from the casualty date, which would be November 11, 2008, to notify Cenikor of the estimated time needed to make the space tenantable. If the time needed is less than 6 months from the casualty date, then when the space becomes tenantable, the subtenant would move back in and Cenikor and the subtenant would resume their rent payments. If the estimated time for repairs is more than 6 months then Cenikor can opt out of its lease if the subtenant is not interested in continuing, but must give the subtenant the option of re-occupying the space from the time it is ready through July 2009, when the lease ends. If this occurred, both Cenikor and the subtenant would resume their rent payments when the space was ready through July 2009.

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CENIKOR FOUNDATION, INC.

Notes to Financial Statements, Continued

9. Pension and Other Post-Retirement Benefit Plans

Cenikor has a defined contribution pension plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of Cenikor's contributions to the plan. Pension expense was \$100,150 and \$105,150 for the years ended June 30, 2008 and 2007, respectively.

10. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the items listed below:

General litigation

Cenikor is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of Cenikor.

In-kind contributions

As described in note 1, Cenikor receives in-kind contributions from various donors. The amount of annual revenue and related expenses accrued for such contributions is based on an estimate of the fair market value of the contributed items.

Concentration of revenue

Vocational services revenue, which consists of payments from Cenikor business partners that participate in Cenikor's vocational training programs, accounts for 57% of total revenues for the year ended June 30, 2008. These vocational services revenues are received from 90 different business partners located in the three different metropolitan areas where Cenikor operates facilities.

Concentration of credit risk

Cenikor maintains cash and cash equivalent balances at three financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cenikor has not experienced any loss in such accounts. As of June 30, 2008, the uninsured balance was \$3,652,392. Management believes that Cenikor's credit risk exposure is mitigated by the financial strength of the banking institutions in which the deposits are held.