

Dugan & Lopatka

Certified Public Accountants & Consultants
A Professional Corporation
104 East Roosevelt Road
Wheaton, Illinois 60187
(630) 665-4440
Fax (630) 665-5030
www.duganlopatka.com
e-mail: info@duganlopatka.com

Michael J. Dugan
Jerry L. Lopatka
Mark F. Schultz
Peter J. Zich
Leo M. Misdorn

T. Brett Flickinger
Karen M. Olson
Hugh E. Elliott

Gwen S. Henry

November 24, 2009

Ms. Jenné Myers
Working in the Schools, Inc.
200 West Adams, Suite 1205
Chicago, Illinois 60606

TRANSMITTED VIA EMAIL

Dear Jenné:

Attached please find a copy of the financial statements for Working in the Schools, Inc. as of June 30, 2009 and 2008, together with auditor's report.

Please call should you have any questions.

Sincerely,

DUGAN & LOPATKA



Karen M. Olson

KMO:bdb
Attachment

WORKING IN THE SCHOOLS, INC.

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2009 AND 2008**

TOGETHER WITH AUDITOR'S REPORT

Dugan & Lopatka

Certified Public Accountants & Consultants
A Professional Corporation
104 East Roosevelt Road
Wheaton, Illinois 60187
(630) 665-4440
Fax (630) 665-5030
www.duganlopatka.com
e-mail: info@duganlopatka.com

Michael J. Dugan
Jerry L. Lopatka
Mark F. Schultz
Peter J. Zich
Leo M. Misdorn

T. Brett Flickinger
Karen M. Olson
Hugh E. Elliott

Gwen S. Henry

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Working in the Schools, Inc.:

We have audited the accompanying statement of financial position of Working in the Schools, Inc. (WITS) (a not-for-profit organization) as of June 30, 2009 and 2008, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of WITS' 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 misstatements. 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 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 WITS as of June 30, 2009 and 2008, and the changes in its net assets, cash flows and functional expenses for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Dugan & Lopatka

DUGAN & LOPATKA

Wheaton, Illinois
November 11, 2009

WORKING IN THE SCHOOLS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>A S S E T S</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 231,146	\$ 505,443
Pledges receivable	27,295	36,410
Contributions receivable, net of allowance of \$-0- in 2009 and \$3,000 in 2008	-	35,000
Grants receivable	72,000	64,000
Other receivables	3,506	120
Investments	170,707	-
Current portion of contributed rent	-	2,960
Prepaid expenses	5,473	24,184
Total current assets	510,127	668,117
NON-CURRENT ASSETS:		
Property and equipment, net	42,407	6,144
Long-term portion of pledges receivable	9,435	27,678
Security deposit	9,085	3,099
Permanently restricted cash	10,000	10,000
Total non-current assets	70,927	46,921
Total assets	\$ 581,054	\$ 715,038
<u>L I A B I L I T I E S A N D N E T A S S E T S</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 10,632	\$ 4,279
Accrued payroll and vacation pay	17,536	16,334
Deferred rent	37,423	-
Deferred revenue	-	33,450
Total current liabilities	65,591	54,063
COMMITMENTS		
NET ASSETS:		
Unrestricted	381,156	525,931
Temporarily restricted	124,307	125,044
Permanently restricted	10,000	10,000
Total net assets	515,463	660,975
Total liabilities and net assets	\$ 581,054	\$ 715,038

The accompanying notes are an integral part of this financial statement.

WORKING IN THE SCHOOLS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009			2008				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS AND OTHER SUPPORT:								
Contributions and grants	\$ 280,960	\$ 263,062	-	\$ 544,022	\$ 173,302	\$ 312,243	\$ -	\$ 485,545
Contract revenue	64,000	-	-	64,000	-	-	-	-
In-kind contributions	57,672	-	-	57,672	23,750	-	-	23,750
Special events	212,773	-	-	212,773	849,459	-	-	849,459
Investment return	(17,250)	-	-	(17,250)	10,745	-	-	10,745
Miscellaneous	2,000	-	-	2,000	-	-	-	-
Net assets released from restrictions	263,799	(263,799)	-	-	334,536	(334,536)	-	-
	863,954	(737)	-	863,217	1,391,792	(22,293)	-	1,369,499
Total revenue, gains and other support								
EXPENSES:								
Program -								
Power Lunch	189,939	-	-	189,939	149,472	-	-	149,472
Saturday Program	47,620	-	-	47,620	2,210	-	-	2,210
Workplace Mentoring	201,058	-	-	201,058	105,066	-	-	105,066
Classroom Assistants	92,558	-	-	92,558	56,188	-	-	56,188
Experience Corps	-	-	-	-	26,399	-	-	26,399
Early Childhood	91,956	-	-	91,956	91,641	-	-	91,641
Total program	623,131	-	-	623,131	430,976	-	-	430,976
Management and general Fundraising	148,567	-	-	148,567	182,892	-	-	182,892
	237,031	-	-	237,031	347,562	-	-	347,562
Total expenses	1,008,729	-	-	1,008,729	961,430	-	-	961,430
Change in net assets	(144,775)	(737)	-	(145,512)	430,362	(22,293)	-	408,069
NET ASSETS, Beginning of year	525,931	125,044	10,000	660,975	95,569	147,337	10,000	252,906
NET ASSETS, End of year	\$ 381,156	\$ 124,307	\$ 10,000	\$ 515,463	\$ 525,931	\$ 125,044	\$ 10,000	\$ 660,975

The accompanying notes are an integral part of this financial statement.

WORKING IN THE SCHOOLS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Contributions and grants received	\$ 887,988	\$ 1,352,118
Interest and dividends received	10,855	10,745
Cash paid to suppliers and employees	(941,121)	(910,889)
Net cash provided by (used in) operating activities	<u>(42,278)</u>	<u>451,974</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of investments	20,016	-
Purchases of investments	(218,827)	-
Purchases of equipment	(33,208)	(4,886)
Net cash (used in) investing activities	<u>(232,019)</u>	<u>(4,886)</u>
Net increase (decrease) in cash and cash equivalents	(274,297)	447,088
CASH AND CASH EQUIVALENTS, Beginning of year	<u>505,443</u>	<u>58,355</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 231,146</u>	<u>\$ 505,443</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Change in net assets	\$ (145,512)	\$ 408,069
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,045	5,312
Loss on disposal of fixed assets	900	-
Non-cash portion of rent contributed in prior year	2,960	35,520
Donated fixed assets	(10,000)	-
Unrealized losses from investment	27,689	-
Realized losses from investment	416	-
Bad debt expense	-	3,000
Changes in other operating assets and liabilities:		
(Increase) decrease in pledges receivable	27,358	(36,730)
(Increase) decrease in contributions receivable	35,000	(27,400)
(Increase) decrease in grants receivable	(8,000)	66,593
(Increase) decrease in other receivables	(3,386)	135
Decrease in prepaid expenses	18,711	18,396
(Increase) in security deposit	(5,986)	(3,099)
Increase (decrease) in accounts payable and accrued expenses	6,352	(1,640)
Increase (decrease) in accrued payroll and vacation pay	1,202	(3,947)
Increase (decrease) in deferred rent and revenue	3,973	(12,235)
Net cash provided by (used in) operating activities	<u>\$ (42,278)</u>	<u>\$ 451,974</u>

The accompanying notes are an integral part of this financial statement.

WORKING IN THE SCHOOLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	Programs						Management and general	Fund-raising	Total
	Power Lunch	Workplace Mentoring	Classroom Assistants	Saturday Program	Early Childhood	Total programs			
Salaries	\$ 80,682	\$ 94,591	\$ 49,117	\$ 24,749	\$ 53,626	\$ 302,765	\$ 61,876	\$ 70,126	\$ 434,767
Printing and publications	2,067	2,411	1,148	689	1,493	7,808	1,722	9,462	18,992
Bus transportation	42,980	33,345	12,800	-	522	89,647	-	-	89,647
Volunteer training and appreciation	-	-	792	-	-	792	-	-	792
Professional development	2,382	2,068	165	1,075	-	5,690	2,482	414	8,586
Special events	-	-	-	-	-	-	-	98,283	98,283
Junior Board expenses	-	-	-	4,241	-	4,241	-	-	4,241
Insurance	1,724	2,012	958	575	1,245	6,514	1,437	1,628	9,579
Miscellaneous	941	736	541	54	394	2,666	2,933	7,153	12,752
Payroll taxes	6,304	7,354	3,502	2,101	4,553	23,814	5,253	5,953	35,020
Employee benefits	10,225	11,929	5,680	3,408	7,384	38,626	8,520	9,657	56,803
Professional fees	6,080	6,996	3,172	1,834	4,204	22,286	26,840	5,775	54,901
Office and program supplies	3,929	13,159	2,270	-	1,558	20,916	-	109	21,025
Telephone	2,215	2,585	1,231	739	1,600	8,370	1,846	2,092	12,308
Postage and delivery	395	454	216	130	281	1,476	325	659	2,460
Rent	12,734	14,856	7,074	4,245	9,197	48,106	10,612	12,026	70,744
Electricity	516	601	286	172	372	1,947	430	487	2,864
Depreciation	1,088	1,269	605	363	786	4,111	907	1,027	6,045
Consultant expense	1,080	1,237	659	315	817	4,108	788	893	5,789
Moving expenses	-	-	-	-	-	-	16,488	-	16,488
Bank charges	-	-	-	-	-	-	1,627	1,433	3,060
Equipment maintenance	951	1,110	529	317	687	3,594	793	7,490	11,877
Marketing and public relations	2,213	2,582	1,229	738	1,598	8,360	1,843	2,090	12,293
Membership dues and subscriptions	78	78	78	-	78	312	1,174	78	1,564
Early Childhood expenses/in-kind	-	-	-	1,875	-	1,875	-	-	1,875
Employee transportation	11,355	1,685	506	-	1,561	15,107	671	196	15,974
	\$ 189,939	\$ 201,058	\$ 92,558	\$ 47,620	\$ 91,956	\$ 623,131	\$ 148,567	\$ 237,031	\$ 1,008,729

The accompanying notes are an integral part of this financial statement.

WORKING IN THE SCHOOLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

	Power Lunch	Saturday Program	Programs					Management and general	Fund-raising	Total
			Workplace Mentoring	Classroom Assistants	Experience Corps	Early Childhood	Total programs			
Salaries	\$ 54,542	\$ -	\$ 50,439	\$ 31,180	\$ 18,981	\$ 42,161	\$ 103,487	\$ 111,152	\$ 411,942	
Printing and publications	317	2	291	630	79	291	714	4,936	7,260	
Bus transportation	45,476	-	23,922	8,773	-	1,832	-	-	80,003	
Volunteer training and appreciation	-	-	-	1,123	-	-	-	-	1,123	
Professional development	792	-	735	59	-	522	883	147	3,138	
Special events	-	-	-	-	-	-	-	173,671	173,671	
Junior Board expenses	-	2,208	-	-	-	-	-	-	2,208	
Insurance	1,130	-	1,036	659	283	1,036	2,543	2,731	9,418	
Miscellaneous	-	-	15	-	-	-	3,201	-	3,216	
Payroll taxes	4,273	-	4,078	2,478	2,363	3,311	8,128	8,729	33,360	
Employee benefits	4,560	-	4,180	2,660	1,140	4,180	10,261	11,021	38,002	
Professional fees	859	-	837	276	303	248	19,344	1,243	23,110	
Office and program supplies	11,393	-	6,771	787	100	1,553	1,472	1,539	23,615	
Telephone	1,462	-	1,340	853	365	1,340	3,289	3,532	12,181	
Postage and delivery	258	-	219	139	60	219	537	576	2,008	
Rent	8,612	-	7,894	5,024	2,153	7,894	19,378	20,813	71,768	
Electricity	219	-	200	128	55	200	492	528	1,822	
Depreciation	637	-	584	372	159	584	1,436	1,540	5,312	
Consultant expense	1,782	-	533	339	145	533	1,309	1,405	6,046	
Moving expenses	-	-	-	-	-	-	-	-	-	
Bank charges	-	-	-	-	-	-	3,367	3,146	6,513	
Equipment maintenance	234	-	214	136	58	214	559	565	1,980	
Marketing and public relations	-	-	-	-	-	-	-	-	-	
Membership dues and subscriptions	115	-	115	115	-	115	1,721	113	2,294	
Early Childhood expenses/in-kind	-	-	-	-	-	23,750	-	-	23,750	
Employee transportation	12,811	-	1,663	457	155	1,658	771	175	17,690	
	\$ 149,472	\$ 2,210	\$ 105,066	\$ 56,188	\$ 26,399	\$ 91,641	\$ 182,892	\$ 347,562	\$ 961,430	

The accompanying notes are an integral part of this financial statement.

WORKING IN THE SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This summary of significant accounting policies of Working in the Schools, Inc. (WITS) is presented to assist in understanding WITS' financial statements. The financial statements and notes are representations of WITS' management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

The financial statements were available to be issued on November 11, 2009, with subsequent events being evaluated through this date.

Nature of Activities -

For the year ended June 30, 2009, WITS' volunteers donated a total of 36,242 hours to help children learn the skill and love of reading. WITS worked with 31 partnering organizations and is in 26 schools around the city. Currently, WITS' volunteers consist of corporate and government employees, retirees and community volunteers of all ages and backgrounds participating in the following five programs:

Power Lunch: A lunchtime literacy and mentoring program pairing elementary school students and business volunteers for one-on-one reading. Power Lunch promotes the skills and love of reading through reading aloud, sharing favorite stories and talking about books.

Workplace Mentoring: Workplace Mentoring is an after-school program where third through sixth grade students are transported by bus to a corporate office where they are matched with employees for one-on-one, 1.5 hour tutoring/mentoring sessions.

Classroom Assistants: This program, comprised of retirees, homemakers and community volunteers, formed the backbone of the WITS program during its initial years. The majority of Classroom Assistants volunteer at least three hours each week, working with individual students or with small groups in their assigned classroom.

Saturday Program: More than 50 young Chicagoans participate in the Saturday Program, volunteering weekly or partnering up to tutor on alternating weekends. Launched by the Junior Board in 2002, the program entails two-hour sessions based on a one-on-one curriculum of reading and phonics.

Early Childhood: WITS newest program, Early Childhood buses volunteers for two-hour, one-on-one reading sessions with preschool students (three- and four-year olds). Trained by Erickson Institute staff in "dialogic reading", a technique for reading aloud, volunteers read with students for twenty-minute intervals, allowing each child to be actively involved in telling the story.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
(Continued)

Financial Statement Presentation -

WITS reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. WITS is by definition considered a voluntary health and welfare organization since it receives its support primarily from the general public to be used for specific community services.

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 and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, WITS considers all highly liquid debt securities purchased with an initial maturity of three months or less to be cash and cash equivalents, excluding cash held for permanently restricted net assets.

Receivables -

Receivables represent contributions, grants and pledges due to WITS from corporations, foundations, individuals and government agencies. Receivables are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful accounts is based on specific identification of uncollectible accounts.

Equipment -

Equipment is carried at cost. WITS capitalizes all equipment additions greater than or equal to \$500. Depreciation is computed on a straight-line basis over the useful lives of the respective assets ranging from 3 to 7 years. Significant donated property and equipment is recorded at fair market value at the date of donation. Repairs to equipment are expensed in the period in which such costs occur. Upon the sale or retirement of any capitalized assets, the cost and related accumulated depreciation are eliminated from these respective accounts and the resulting gain or loss is included in the statement of activities.

Deferred Revenue -

WITS reports cash received in advance of events as deferred revenue.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
(Continued)

Revenue and Support Recognition -

WITS reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional Promises to Give -

Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as contributions receivable and support in the period in which the promise is made. Contributions receivable in excess of one year are discounted to their net present value. The discount on those amounts is computed using risk-free rates applicable to the years in which the promises are received.

Donated Services -

No amounts have been reflected in the financial statements for donated services. WITS generally pays for services requiring specific expertise. However, more than 1,300 individuals volunteer their time and perform a variety of tasks that assist WITS with its tutoring programs, fundraising solicitations, and various committee assignments. WITS received more than 37,292 hours served by volunteers working in the schools during the 2009 and 2008 school years.

These services have not been recognized since they either do not require specialized skills or would not typically be purchased had they not been provided by donation.

Contributed Service -

Contributed professional services are recognized if the services received a) create or enhance long-lived assets or b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

In-Kind Contributions -

Amounts reflected in the accompanying statements as in-kind contributions are measured at fair value.

Functional Expenses -

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services, management and general and fundraising expenses based on direct salary expense and relative use of facilities.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
(Continued)

Income Taxes -

WITS is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, it is not subject to income taxes, unless it engages in activities that are unrelated to its exempt purpose. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

In accordance with FSP 48-3, WITS has elected to defer the implementation of FIN 48, *Accounting for Uncertainty in Income Taxes*. WITS continues to follow the guidance included in FASB Statement No. 5, *Accounting for Contingencies*.

(2) PLEDGES RECEIVABLE:

Pledges receivable consisted of the following:

	<u>2009</u>	<u>2008</u>
Unconditional promises to give before amortized discount	\$ 40,000	\$ 70,000
Less - Unamortized discount	<u>3,270</u>	<u>5,912</u>
Net unconditional promises to give	<u>\$ 36,730</u>	<u>\$ 64,088</u>
Amounts are due in:		
Less than one year	\$ 27,295	\$ 36,410
One to five years	<u>9,435</u>	<u>27,678</u>
	<u>\$ 36,730</u>	<u>\$ 64,088</u>

One party accounts for 100% of the pledges receivable in the current and previous year.

(3) INVESTMENTS:

WITS' investments are carried at fair value and at June 30, 2009 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Common stock	\$ 198,408	\$ 170,707

Total investment return consists of the following for the year ended June 30, 2009:

Interest and dividend income	\$ 10,855
Unrealized loss on investments	(27,689)
Realized loss on investments	<u>(416)</u>
Total investment return	<u>\$ (17,250)</u>

(4) FAIR VALUE MEASUREMENTS:

Effective July 1, 2008, WITS adopted Statement of Financial Accounting Standard No. 157, *Fair Value Measurements*, (SFAS 157) issued by the Financial Accounting Standards Board (FASB) for all financial instruments accounted for at fair value on a recurring basis. SFAS 157 establishes a single definition of fair value and a framework for measuring fair value, sets out a fair value hierarchy to be used to classify the source of information used in fair value measurement and expands disclosures about fair value measurements required under other accounting pronouncements. It does not change existing guidance as to whether or not an instrument is carried at fair value.

SFAS 157 established market and observable inputs as the preferred source of values, followed by assumptions based on hypothetical transactions in the absence of market inputs.

The valuation techniques required by SFAS 157 are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect WITS' market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 - Quoted prices in active markets for identical asset or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2009 and 2008.

Common Stock: Valued at the closing price reported on the active market on which the individual securities are traded.

In February, 2008, the FASB issued FASB Staff Position No. 157-2 (FSP 157-2), which provides a one-year delayed application of SFAS 157 for non-financial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). SFAS 157, as amended by FSP FAS 157-1 and FSP FAS 157-2, was required to be adopted on January 1, 2009.

(4) FAIR VALUE MEASUREMENTS: (Continued)

Assets Measured at Fair Value on a Recurring Basis:

Fair values of assets measured on a recurring basis at June 30, 2009 are as follows:

<u>Description</u>	<u>Assets at Fair Value as of June 30, 2009</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments - Common stock	\$ 170,707	\$ -	\$ -	\$ 107,707

Certain assets and liabilities are measured at fair value on a non-recurring basis, and therefore not included in the preceding table.

(5) PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following:

	<u>2009</u>	<u>2008</u>
Equipment	\$ 57,605	\$ 54,714
Leasehold improvements	20,161	-
Less - Accumulated depreciation	<u>35,359</u>	<u>48,570</u>
	<u>\$ 42,407</u>	<u>\$ 6,144</u>

Depreciation was \$6,045 and \$5,312 for 2009 and 2008, respectively.

(6) TEMPORARILY RESTRICTED NET ASSETS:

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

	<u>2009</u>	<u>2008</u>
Time restrictions	\$ 36,730	\$ 67,048
Purpose restrictions - Power Lunch	87,577	23,903
- Early Childhood	<u>-</u>	<u>34,093</u>
Total temporarily restricted net assets	<u>\$ 124,307</u>	<u>\$ 125,044</u>

(7) PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets are held in the cash accounts and are restricted in perpetuity. Investment income from the permanently restricted investments is temporarily restricted for expansion, recruiting, training and transportation and can be disbursed for those purposes only upon Board approval of request.

(8) LEASES:

WITS' office lease expired in September, 2008. The lease agreement required WITS to pay for the common area expenses only with the base rent amount being contributed as a temporarily restricted net asset in 2005. During the year ended June 30, 2008, \$35,520 was released from restriction. In October, 2008, WITS signed a new seven-year agreement for an office lease at a new location. The lease includes a six-month rent deferral period prior to the beginning of the lease term, followed by monthly payments of \$6,085. The lease expires in 2016 and includes an option to extend the lease five additional years.

Deferred rent of \$37,423 relating to the six months rent deferral is included on the balance sheet and will be amortized over the initial lease term.

WITS also has an equipment operating lease requiring thirteen quarterly payments of \$310 and a copier lease with sixty monthly payments of \$350. At June 30, 2009 and 2008, rent expense was \$70,744 and \$71,768, respectively.

The future minimum lease payments are as follows:

2010	\$	78,764
2011		79,660
2012		81,175
2013		83,001
2014		81,676
Thereafter		<u>152,430</u>
	\$	<u>556,706</u>

(9) CONCENTRATIONS:

WITS maintains its cash primarily with banks located in Illinois. The cash balances are insured by the FDIC up to \$250,000 per bank on December 31, 2009 and \$100,000 on December 31, 2008. At June 30, 2009, WITS has no cash balances that exceed the federally insured limit of \$250,000. As of June 30 2008, WITS' cash balances exceeded the federally insured limit by approximately \$415,000.