

WOODLAWN FOUNDATION, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

WOODLAWN FOUNDATION, INC. AND AFFILIATES

CONTENTS

Independent Auditors' Report	1
Consolidated Statements of Financial Position - June 30, 2009 and 2008	2
Consolidated Statements of Activities for the Years Ended June 30, 2009 and 2008	3
Consolidated Statements of Cash Flows for the Years Ended June 30, 2009 and 2008	4
Notes to Consolidated Financial Statements	5-16

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Independent Auditors' Report

The Board of Directors
Woodlawn Foundation, Inc. and Affiliates

We have audited the accompanying consolidated statements of financial position of Woodlawn Foundation, Inc. and Affiliates (Woodlawn) as of June 30, 2009 and 2008, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of Woodlawn's management. Our responsibility is to express an opinion on these consolidated 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 consolidated 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 Woodlawn'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 consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Woodlawn as of June 30, 2009 and 2008, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Blum, Shapiro & Company, P.C.

December 20, 2010

WOODLAWN FOUNDATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 9,234,141	\$ 8,482,551
Pledges receivable, net	4,081,887	4,595,063
Loans receivable, net	7,154,510	4,723,331
Split-interest agreements	1,678,332	2,667,031
Other assets	119,132	121,578
Investments	23,076,572	34,123,566
Investments in real estate	7,332,408	2,100,000
Total Assets	\$ <u>52,676,982</u>	\$ <u>56,813,120</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Notes payable	\$ 903,018	\$ 859,518
Liabilities under split-interest agreements	976,041	1,497,457
Other payables	27,790	-
Total liabilities	<u>1,906,849</u>	<u>2,356,975</u>
Net Assets		
Unrestricted	31,181,759	36,752,759
Temporarily restricted	19,588,374	17,703,386
Total net assets	<u>50,770,133</u>	<u>54,456,145</u>
Total Liabilities and Net Assets	\$ <u>52,676,982</u>	\$ <u>56,813,120</u>

The accompanying notes are an integral part of the consolidated financial statements

WOODLAWN FOUNDATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue, Support and Other Changes						
Contributions	\$ 5,922,820	\$ 7,302,586	\$ 13,225,406	\$ 6,970,957	\$ 3,087,010	\$ 10,057,967
Interest and dividend income	1,198,919	-	1,198,919	2,978,850	-	2,978,850
Realized and unrealized losses on investments	(6,526,204)	-	(6,526,204)	(1,985,347)	-	(1,985,347)
Change in value of split-interest agreements	-	(467,283)	(467,283)	-	(192,134)	(192,134)
Other income	17,596	-	17,596	67,634	-	67,634
Net assets released from restrictions	4,950,315	(4,950,315)	-	3,487,396	(3,487,396)	-
Total revenue, support and other changes	<u>5,563,446</u>	<u>1,884,988</u>	<u>7,448,434</u>	<u>11,519,490</u>	<u>(592,520)</u>	<u>10,926,970</u>
Expenses						
Programs:						
Grants	8,991,940	-	8,991,940	9,024,838	-	9,024,838
Program services	1,304,982	-	1,304,982	3,009,706	-	3,009,706
Total program expenses	<u>10,296,922</u>	-	<u>10,296,922</u>	<u>12,034,544</u>	-	<u>12,034,544</u>
Management and general	740,719	-	740,719	1,111,607	-	1,111,607
Fundraising	96,805	-	96,805	140,270	-	140,270
Total expenses	<u>11,134,446</u>	-	<u>11,134,446</u>	<u>13,286,421</u>	-	<u>13,286,421</u>
Increase (Decrease) in Net Assets	<u>(5,571,000)</u>	<u>1,884,988</u>	<u>(3,686,012)</u>	<u>(1,766,931)</u>	<u>(592,520)</u>	<u>(2,359,451)</u>
Net Assets - Beginning of Year	<u>36,752,759</u>	<u>17,703,386</u>	<u>54,456,145</u>	<u>38,519,690</u>	<u>18,295,906</u>	<u>56,815,596</u>
Net Assets - End of Year	<u>\$ 31,181,759</u>	<u>\$ 19,588,374</u>	<u>\$ 50,770,133</u>	<u>\$ 36,752,759</u>	<u>\$ 17,703,386</u>	<u>\$ 54,456,145</u>

The accompanying notes are an integral part of the consolidated financial statements

**WOODLAWN FOUNDATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Decrease in net assets	\$ (3,686,012)	\$ (2,359,451)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Donated securities	(290,419)	(1,271,414)
Donated property	(5,232,408)	-
Realized and unrealized losses on investments	6,526,204	1,985,347
Bad debts	1,288,466	2,975,566
Change in value of split-interest agreements	467,283	192,134
(Increase) decrease in operating assets:		
Pledges receivable, net	513,176	(291,975)
Other assets	2,446	(3,980)
Increase in operating liabilities:		
Other payables	27,790	-
Net cash provided by (used in) operating activities	<u>(383,474)</u>	<u>1,226,227</u>
Cash Flows from Investing Activities		
Purchases of investments	(875,063)	(14,564,356)
Proceeds from sales of investments	5,686,272	7,629,556
Repayments of loans receivable	119,395	12,501,793
Advances of loans receivable	(3,839,040)	(5,944,657)
Net cash provided by (used in) investing activities	<u>1,091,564</u>	<u>(377,664)</u>
Cash Flows from Financing Activities		
Proceeds from notes payable	43,500	48,500
Repayments on notes payable	-	(194,060)
Net cash provided by (used in) financing activities	<u>43,500</u>	<u>(145,560)</u>
Net Increase in Cash and Cash Equivalents	751,590	703,003
Cash and Cash Equivalents - Beginning of Year	<u>8,482,551</u>	<u>7,779,548</u>
Cash and Cash Equivalents - End of Year	<u>\$ 9,234,141</u>	<u>\$ 8,482,551</u>

The accompanying notes are an integral part of the consolidated financial statements

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

The Woodlawn Foundation (Woodlawn) is a New York nonstock corporation whose primary purpose is to solicit contributions and to provide grants world-wide to not-for-profit organizations which receive pastoral care from the Catholic Prelature of Opus Dei.

The Rockside Foundation (Rockside) and The Sauganash Foundation (Sauganash) are supporting organizations of Woodlawn and were established exclusively to assist in raising funds to support Woodlawn's mission.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation - The financial statements are presented on a consolidated basis to include the transactions of Woodlawn and its affiliates, Rockside and Sauganash. All significant intercompany balances and transactions have been eliminated from the consolidated financial statements. The consolidated financial statements of Woodlawn and its affiliates have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of Woodlawn and its affiliates are reported in the following net asset categories:

Unrestricted Net Assets - Unrestricted net assets represent resources that are not subject to donor imposed restrictions and may be expended at the discretion of the Board of Directors.

Temporarily Restricted Net Assets - Temporarily restricted net assets represent contributions that are restricted by the donor as to purpose or time of expenditure.

Permanently Restricted Net Assets - Permanently restricted net assets represent resources that have donor-imposed restrictions that require that the principal be maintained in perpetuity but permit Woodlawn to expend the income earned thereon. Woodlawn did not have any permanently restricted net assets as of June 30, 2009 and 2008.

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 certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates. Management has used estimates primarily to value alternative investments and in determining the allowances for loans receivable and uncollectible pledges. It is management's opinion that the estimates applied in the accompanying consolidated financial statements are reasonable.

Cash and Cash Equivalents - Cash and cash equivalents are defined as bank accounts and highly liquid investments with original maturities of 90 days or less.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans Receivable, Net - Woodlawn has loans receivable related to advances to not-for-profit organizations to support their missions and other projects as well as for profit companies as investments. Some loans to not-for-profit organizations are forgiven when certain conditions or matching requirements are met as approved by the Board of Directors. Uncollectible account balances are written off when management determines the probability of collection is remote. Management maintains an allowance for uncollectible loans based on a review of specific loans and general historical experience.

Split-Interest Agreements - Woodlawn is a party to the following types of split-interest agreements:

Charitable Gift Annuities - Woodlawn has entered into several charitable gift annuities whereby assets were transferred to Woodlawn and invested. Under the terms of the agreements, contributions are received from donors in exchange for a promise by Woodlawn to pay a fixed amount for a specified period of time to a donor or individuals designated by the donor. Annuity contracts may be established for either one or two lives and provide that fixed payments be made to the annuitants for the remainder of their lives. Upon termination of the annuity contract, any remaining assets revert to the Woodlawn for purposes as specified in the charitable gift annuity contracts. On an annual basis, Woodlawn revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions.

Charitable Remainder Trust - Woodlawn is the beneficiary of various charitable remainder trusts for which Woodlawn is the trustee. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for Woodlawn's use. The trust is carried at the fair value of the underlying investments. The portion of the trust attributable to the present value of the future benefits to be received by Woodlawn is recognized in the consolidated statements of activities as a temporarily restricted contribution in the period the trust is established. On an annual basis, Woodlawn revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The liability is calculated using discount rates ranging from 4.8% to 11.2% and applicable mortality tables.

Other Assets - Other assets represent certain religious art items and security deposits.

Investments - Investments in equity securities and real estate with readily determinable fair values and investments in debt securities are carried at their fair value in the consolidated statements of financial position. Realized and unrealized gains and losses on these investments are reported in the consolidated statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily restricted by explicit donor stipulations.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in alternative investments include limited partnerships, a closely held corporation and limited liability companies which consist of equity interests in nonpublicly traded entities. Woodlawn accounts for these noncontrolling investments at fair value. The fair value estimate is usually based on net asset values provided by the general partner of each alternative investment or limited partnership, supported by the independently audited consolidated financial statements of such investee or valuation reports for a closely held corporation and limited liability companies. Considerable judgment is required to interpret the factors used by the general partner of these investments and valuation reports in the development of such estimates of fair value. The investments of these limited partnerships, a closely held corporation and limited liability companies include securities that are not immediately liquid. Management believes these methods provide a reasonable estimate of fair value. Accordingly, such fair values may not reflect amounts that could be realized upon immediate sale, or amounts that ultimately may be realized.

Contributions - Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable expected to be collected in more than one year are discounted to their present value. Woodlawn reports contributions of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit their use. 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. Contributions received whose restrictions are met in the same period are presented with unrestricted net assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Income Taxes - Woodlawn and its affiliates are exempt from federal and state income taxes as public charities under Section 501(c)(3) of the Internal Revenue Code. Their informational returns for the years ended June 30, 2007 through June 30, 2009 are subject to examination by the Internal Revenue Service and the State of New York.

Subsequent Events - In preparing these consolidated financial statements, management has evaluated subsequent events through December 20, 2010, which represents the date the consolidated financial statements were available to be issued.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Woodlawn's financial instruments that are exposed to concentrations of credit risk consist of the following:

Cash and Cash Equivalents - Woodlawn places its cash deposits with high credit-quality institutions. Such deposits exceed federal depository insurance limits at times during the year. However, management believes that Woodlawn's deposits are not subject to significant credit risk.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - CONCENTRATIONS OF CREDIT RISK (Continued)

Investments - Woodlawn's investments are comprised of various stocks, bonds, mutual funds and alternative investments consisting of real estate, limited partnerships, a closely held corporation and limited liability companies. These investments are not protected by federal depository insurance. The value of the investments is subject to fluctuations due to general market conditions and interest rates.

Pledges Receivable - Pledges receivable are generally from donors who have contributed to Woodlawn in the past, and, therefore, management considers the pledges to represent minimal credit risk. An allowance for uncollectible pledges has been estimated by management.

Loans Receivable - Woodlawn grants loans to various not for profit organizations to support their missions and other projects as well as for profit companies as investments. Receivable balances are considered delinquent if no payment has been made and no payment plan has been established. Woodlawn maintains an allowance for potential collection losses based upon a review of specific delinquent accounts, and such losses have been within management's expectations. Specific accounts are written off after normal collection efforts have been exhausted.

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reflected in the accompanying statements of financial position for cash and cash equivalents approximate their fair values due to the short maturities of those instruments. Investments are recorded at fair value as discussed in Note 2. The carrying amount of contributions receivable is based on the present value of expected cash flows, calculated using discount rates determined at the date of the gift. Management does not believe that the carrying amount differs materially from fair value.

The levels of valuation inputs under generally accepted accounting principles for financial instruments carried at fair value are as follows:

Level 1 - Quoted market prices for identical assets or liabilities on an active market to which Woodlawn had access at the measurement date.

Level 2 - Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly, and Woodlawn has the ability to redeem the asset or liability in the near term subsequent to the measurement date.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available, and Woodlawn does not have the ability to redeem the asset or liability in the near term. Unobservable inputs related to split-interest agreements, all of which are invested in Level 1 high grade mutual funds and cash, are related to life expectancies on these agreements, and that Woodlawn does not have the ability to redeem the assets in the near term.

**WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets Measured at Fair Value on a Recurring Basis - The following is a summary of the source of fair value measurements for financial instruments that are measured at fair value on a recurring basis as of June 30, 2009:

<u>Description</u>	<u>June 30, 2009</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Diversified mutual funds	\$ 14,824,623	\$ 14,824,623	\$ -	\$ -
Equity and debt securities	481,487	481,487	-	-
Alternative investments	7,770,462	-	-	7,770,462
Total investments	23,076,572	15,306,110	-	7,770,462
Pledges receivable, net	4,081,887	-	-	4,081,887
Assets held under split-interest agreements	1,678,332	-	-	1,678,332
Total Fair Value Measurements	\$ 28,836,791	\$ 15,306,110	\$ -	\$ 13,530,681

Assets Measured at Fair Value on an Recurring Basis Using Significant Unobservable Inputs (Level 3) - The following is a summary of the changes in the balances of investments measured at fair value on a recurring basis using significant unobservable inputs for the year ended June 30, 2009:

	<u>Limited Partnerships</u>	<u>Closely Held Corporation</u>	<u>Limited Liability Companies</u>	<u>Total</u>
Balance - beginning of year	\$ 3,954,609	\$ 613,543	\$ 3,479,919	\$ 8,048,071
Total realized and unrealized gains (losses) included in the change in net assets	(1,127,217)	(129,065)	625,487	(630,795)
Transfers into (out of) Level 3	377,869	(24,683)	-	353,186
Balance - End of Year	\$ 3,205,261	\$ 459,795	\$ 4,105,406	\$ 7,770,462

**WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following is a summary of the changes in the balances of pledges receivable measured at fair value on a recurring basis using significant unobservable inputs:

	Pledges Receivable, Net
Balance - beginning of year	\$ 4,595,063
New pledges receivable	591,000
Collections on pledges receivable	(1,286,822)
Write-offs and adjustments	(288,910)
Change in allowance for uncollectible accounts	268,868
Change in discount on pledges receivable	202,688
 Balance - End of Year	 \$ 4,081,887

Woodlawn holds interests in certain alternative investments within limited partnerships which invest in securities at the sole discretion of the general partners. The investments of these limited partnerships such as venture capital and private equity include securities that are not immediately liquid. In addition to traditional equity investments, the partnerships hold debt and/or equity securities and may invest in other alternative assets at the general partners' discretion. These investments require a minimum notification period of greater than 90 days before funds can be withdrawn and valuation inputs have been categorized as Level 3. In connection with its investments in limited partnerships, Woodlawn has unfulfilled commitments of \$2,923,327 and \$3,495,715 at June 30, 2009 and 2008, respectively.

Woodlawn also holds interests in a closely held corporation and limited liability companies. These investments are deemed to be illiquid as Woodlawn has no ability to redeem their investment in the near term. The valuation inputs for these investments have been categorized as Level 3 inputs.

Liabilities Measured at Fair Value on a Recurring Basis - The following is a summary of the source of fair value measurements for liabilities that are measured at fair value on a recurring basis:

Description	June 30, 2009	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Liabilities under split-interest agreements	\$ 976,041	\$ -	\$ -	\$ 976,041
Total Fair Value Measurements	\$ 976,041	\$ -	\$ -	\$ 976,041

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Liabilities Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3) - The following is a summary of the changes in the balance of liabilities under split-interest agreements measured at fair value on a recurring basis using significant unobservable inputs:

	<u>Liabilities Under Split-Interest Agreements</u>
Balance - beginning of year	\$ 1,497,457
Valuation of new agreements	21,004
Payments to beneficiaries	(53,213)
Change in value of liability	<u>(489,207)</u>
 Balance - End of Year	 <u>\$ 976,041</u>

Assets Measured at Fair Value on a Recurring Basis - The following is a summary of the source of fair value measurements for financial instruments that are measured at fair value on a recurring basis as of June 30, 2008:

<u>Description</u>	<u>June 30, 2008</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Diversified mutual funds	\$ 23,339,932	\$ 23,339,932	\$ -	\$ -
Equity and debt securities	740,336	740,336	-	-
Municipal bonds	1,995,227	1,995,227	-	-
Alternative investments	<u>8,048,071</u>	<u>-</u>	<u>-</u>	<u>8,048,071</u>
 Total Fair Value Measurements	 <u>\$ 34,123,566</u>	 <u>\$ 26,075,495</u>	 <u>\$ -</u>	 <u>\$ 8,048,071</u>

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets Measured at Fair Value on an Recurring Basis Using Significant Unobservable Inputs (Level 3) - The following is a summary of the changes in the balances of investments measured at fair value on a recurring basis using significant unobservable inputs for the year ended June 30, 2008:

	<u>Limited Partnerships</u>	<u>Closely Held Corporation</u>	<u>Limited Liability Companies</u>	<u>Total</u>
Balance - beginning of year	\$ 2,817,092	\$ 1,132,889	\$ 2,158,891	\$ 6,108,872
Total realized and unrealized gains (losses) included in the change in net assets	313,262	(90,822)	519,669	742,109
Transfers into (out of) Level 3	<u>824,255</u>	<u>(428,524)</u>	<u>801,359</u>	<u>1,197,090</u>
Balance - End of Year	<u>\$ 3,954,609</u>	<u>\$ 613,543</u>	<u>\$ 3,479,919</u>	<u>\$ 8,048,071</u>

Liabilities Measured at Fair Value on a Recurring Basis - The following is a summary of the source of fair value measurements for liabilities that are measured at fair value on a recurring basis:

<u>Description</u>	<u>June 30, 2008</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Liabilities under split-interest Agreements	\$ <u>1,497,457</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,497,457</u>
Total Fair Value Measurements	\$ <u>1,497,457</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,497,457</u>

Liabilities Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3) - The following is a summary of the changes in the balance of liabilities under split-interest agreements measured at fair value on a recurring basis using significant unobservable inputs:

	<u>Liabilities Under Split-Interest Agreements</u>
Balance - beginning of year	\$ 1,695,313
Payments to beneficiary	(53,213)
Change in value of liability	<u>(144,643)</u>
Balance - End of Year	<u>\$ 1,497,457</u>

**WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable consist of the following as of June 30, 2009 and 2008:

	2009	2008
Receivable in less than one year	\$ 1,732,169	\$ 1,781,957
Receivable in one to five years	3,887,967	4,796,265
Thereafter	58,790	58,436
Total pledges receivable	5,678,926	6,636,658
Less discount to net present value	(369,006)	(571,694)
Less allowance for uncollectible pledges	(1,228,033)	(1,469,901)
 Pledges Receivable, Net	 \$ 4,081,887	 \$ 4,595,063

Pledges receivable that are receivable in more than one year are discounted at 4.75% at June 30, 2009 and 2008.

NOTE 6 - LOANS RECEIVABLE

Loans receivable consist of the following as of June 30, 2009 and 2008:

	2009	2008
Unsecured loan receivable, bearing interest at 6%, with principal and interest payable on demand when requested by the Board of Directors.	\$ 4,751,664	\$ 3,883,126
Unsecured loan receivable, bearing interest at 6%, with principal due on demand.	500,000	-
Unsecured loan receivable, bearing interest at 6%, with monthly payments of interest and semi-annual principal payments of \$6,000. The outstanding balance was due at December 31, 2009 and is still outstanding.	336,000	348,000
Unsecured loan receivable, bearing interest at 6%, with principal and interest due in May 2011.	1,110,000	1,010,000
Unsecured loan receivable, bearing interest at 6%, with principal and interest payable annually. The outstanding balance was due on March 1, 2009 and is still outstanding.	516,920	582,770

**WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 6 - LOANS RECEIVABLE (Continued)

Unsecured loan receivable, bearing interest at 6%, with principal and interest payable on demand when requested by the Board of Directors.	\$ 389,736	\$ 431,281
Secured loan receivable, bearing interest at 5.5%, with interest payments due annually. The loan principal was due on December 31, 2008 and the terms have been extended until December 31, 2011.	<u>7,756,530</u>	<u>5,387,790</u>
	15,360,850	11,642,967
Less allowance for uncollectible loans	<u>8,206,340</u>	<u>6,919,636</u>
Loans Receivable, Net	<u>\$ 7,154,510</u>	<u>\$ 4,723,331</u>

As of June 30, 2009, loans receivable, net, are expected to be collected as follows:

Within one year	\$ 6,848,320
Within one to five years	<u>8,512,530</u>
	15,360,850
Less allowance for uncollectible loans	<u>8,206,340</u>
Loans Receivable, Net	<u>\$ 7,154,510</u>

NOTE 7 - INVESTMENTS IN REAL ESTATE

The fair value of investments in real estate is determined using professional real estate appraisals and comparisons of similar properties in the areas.

As of June 30, 2009, investments in real estate consist of a property in Maryland that is being held for sale and a property in Wisconsin that was received during 2009 as part of an irrevocable life estate agreement. This agreement allows the grantors to remain on the property during their lives and is recorded as a temporarily restricted net asset. As of June 30, 2008, the investment in real estate consists of a property in Maryland that is being held for sale.

NOTE 8 - NOTES PAYABLE

Notes payable consist of 15 notes to individuals for loans received for unrestricted use ranging from \$1,100 to \$257,000, all of which are non-interesting bearing and due on demand.

**WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 9 - LEASE COMMITMENTS

Woodlawn leases office space under an operating lease agreement which expires in March 2012, with monthly payments of \$5,538 through March 2009 increasing to \$5,815 for the remainder of the lease.

At June 30, 2009, future minimum lease payments under this operating lease are as follows:

Year Ending June 30

2010	\$	70,647
2011		74,180
2012		<u>57,695</u>
Total	\$	<u>202,522</u>

Rent expense was \$67,283 and \$64,079 for the years ended June 30, 2009 and 2008, respectively.

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Restricted for capital grant purposes	\$ 13,756,083	\$ 16,533,812
Split-interest agreements	702,291	1,169,574
Investments in real estate	<u>5,130,000</u>	<u>-</u>
Temporarily Restricted Net Assets	\$ <u>19,588,374</u>	\$ <u>17,703,386</u>

NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the following purpose restrictions for the years ended June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Capital grant funding purposes	\$ <u>4,950,315</u>	\$ <u>3,487,396</u>
Total Net Assets Released from Restrictions	\$ <u>4,950,315</u>	\$ <u>3,487,396</u>

**WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 12 - RELATED PARTY TRANSACTIONS

To help ensure the effective use of grants which it awards, Woodlawn frequently arranges to have one or more of its own directors or officers serve on the Boards of Directors of not-for-profit organizations which receive grants from Woodlawn. During the years ended 2009 and 2008, grants of \$7,008,821 and \$6,014,913, respectively, were distributed to organizations that have officers or directors in common with Woodlawn.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2009 and 2008, Woodlawn has approved capital grants of \$318,621 and \$550,000, respectively, and operating grants of \$974,557 and \$1,006,000, respectively, which are contingent upon the satisfaction by the designated grantees satisfying certain conditions before the grants are funded.

NOTE 14 - SUBSEQUENT EVENT

Subsequent to year end, a company which Woodlawn had an alternative investment with, having a value of \$1,022,257 and also a loan receivable and accrued interest outstanding of \$3,883,126, net of an allowance of \$3,681,364 as of June 30, 2009, ceased operations. Woodlawn has not determined the estimated value of any future proceeds from this investment and loan.