

# **Braille Institute of America, Inc.**

(A California Nonprofit Corporation)

## **Report on Consolidated Audited Financial Statements**

**For the Year Ended June 30, 2006**

(with summary comparative information  
for the year ended June 30, 2005)

**Report of Independent Auditors**

To the Board of Directors of the  
Braille Institute of America, Inc.

In our opinion, the accompanying consolidated statements of financial position and the related consolidated statements of activities, cash flows, and expenses by function present fairly, in all material respects, the financial position of Braille Institute of America, Inc. (the "Institute") at June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized information has been derived from the Institute's 2005 consolidated financial statements, and in our report dated August 1, 2005, we expressed an unqualified opinion on those consolidated financial statements. We conducted our audit of these statements 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

July 28, 2006

**Braille Institute of America, Inc.**  
**(A California Nonprofit Corporation)**  
**Consolidated Statement of Financial Position**  
**June 30, 2006**  
**(with summarized comparative financial information for the year ended June 30, 2005)**  
**(In Thousands)**

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	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents (Note 4)	\$ 2,612	\$ 1,433
Marketable investment securities (Note 5)	109,243	99,975
Investment in gift annuity contracts (Note 5)	10,576	10,788
Accounts receivable	717	1,484
Grant receivable	—	956
Prepaid expenses and inventories	<u>472</u>	<u>420</u>
Total current assets	<u>123,620</u>	<u>115,056</u>
Non-current assets		
Long-term investments (Note 6)	241	416
Beneficial interest in trusts	9,710	14,181
Other non-current assets	675	1,944
Prepaid pension (Note 3)	59	—
Land, buildings and equipment at cost, less accumulated depreciation (Note 7)	<u>35,719</u>	<u>36,349</u>
Total non-current assets	<u>46,404</u>	<u>52,890</u>
Total assets	<u>\$ 170,024</u>	<u>\$ 167,946</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 2,404	\$ 2,562
Pension liability (Note 3)	—	3,411
Gift annuity liabilities and benefit payments	<u>6,964</u>	<u>6,035</u>
Total liabilities	<u>9,368</u>	<u>12,008</u>
Net assets		
Unrestricted	129,362	120,092
Temporarily restricted	18,946	23,607
Permanently restricted	<u>12,348</u>	<u>12,239</u>
Total net assets	<u>160,656</u>	<u>155,938</u>
Total liabilities and net assets	<u>\$ 170,024</u>	<u>\$ 167,946</u>

The accompanying notes are an integral part of these financial statements.

**Braille Institute of America, Inc.**  
**(A California Nonprofit Corporation)**  
**Consolidated Statement of Activities**  
**For the Year Ended June 30, 2006**  
**(with summarized comparative financial information for the year ended June 30, 2005)**  
**(In Thousands)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2006</u>	<u>2005</u>
<b>Operating</b>					
Revenues					
Public support and other revenues					
Public support					
Bequests	\$ 10,059	\$ 2,052	\$ -	\$ 12,111	\$ 11,029
Trusts	1,157		-	1,157	1,148
Contributions	2,510	1,620	-	4,130	4,423
Total public support	<u>13,726</u>	<u>3,672</u>	<u>-</u>	<u>17,398</u>	<u>16,600</u>
Other revenues					
Investment income	5,284	19	-	5,303	4,015
State library appropriation	-	651	-	651	658
Rent and miscellaneous	19	-	-	19	60
Total other revenues	<u>5,303</u>	<u>670</u>	<u>-</u>	<u>5,973</u>	<u>4,733</u>
Net assets released from restrictions					
State library	651	(651)	-	-	-
Program and time restrictions	3,772	(3,772)	-	-	-
Total revenues	<u>23,452</u>	<u>(81)</u>	<u>-</u>	<u>23,371</u>	<u>21,333</u>
Expenses					
Program services					
Educational programs and services	12,738	-	-	12,738	11,288
Library services	2,806	-	-	2,806	2,695
Braille publishing, less revenue of \$87 in 2006 and \$164 in 2005	1,391	-	-	1,391	1,298
Total program services	<u>16,935</u>	<u>-</u>	<u>-</u>	<u>16,935</u>	<u>15,281</u>
Supporting services					
Administration	738	-	-	738	655
General operations	1,722	-	-	1,722	1,570
Development (fund-raising)	2,017	-	-	2,017	1,824
Public education	987	-	-	987	907
Total supporting services	<u>5,464</u>	<u>-</u>	<u>-</u>	<u>5,464</u>	<u>4,956</u>
Total expenses	<u>22,399</u>	<u>-</u>	<u>-</u>	<u>22,399</u>	<u>20,237</u>
Total change in net assets from operating activities	<u>\$ 1,053</u>	<u>\$ (81)</u>	<u>\$ -</u>	<u>\$ 972</u>	<u>\$ 1,096</u>

Continued

The accompanying notes are an integral part of these financial statements.

**Braille Institute of America, Inc.**  
**(A California Nonprofit Corporation)**  
**Consolidated Statement of Activities (Continued)**  
**For the Year Ended June 30, 2006**  
**(with summarized comparative financial information for the year ended June 30, 2005)**  
**(In Thousands)**

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2006</u>	<u>2005</u>
<b>Nonoperating</b>					
Realized and unrealized investment gains (losses), net	\$ 6,524	\$ (4,580)	\$ 109	\$ 2,053	\$ 5,991
Gain on sale of youth center	-	-	-	-	9,059
Pension liability	4,117	-	-	4,117	(10,094)
Change in value of beneficial interest	(566)	-	-	(566)	331
Depreciation	(1,858)	-	-	(1,858)	(1,897)
	<u>8,217</u>	<u>(4,580)</u>	<u>109</u>	<u>3,746</u>	<u>3,390</u>
Total change in net assets from nonoperating activities					
	9,270	(4,661)	109	4,718	4,486
Total change in net assets					
Net assets at beginning of year	<u>120,092</u>	<u>23,607</u>	<u>12,239</u>	<u>155,938</u>	<u>151,452</u>
Net assets at end of year	<u>\$ 129,362</u>	<u>\$ 18,946</u>	<u>\$ 12,348</u>	<u>\$ 160,656</u>	<u>\$ 155,938</u>

The accompanying notes are an integral part of these financial statements.

**Braille Institute of America, Inc.**  
**(A California Nonprofit Corporation)**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended June 30, 2006**  
**(with summarized comparative financial information for the year ended June 30, 2005)**  
**(In Thousands)**

	<u>2006</u>	<u>2005</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 4,718	\$ 4,486
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	1,858	1,897
Gain on sale of youth center	-	(9,059)
(Gain) loss on sale of other assets	(255)	13
Decrease (increase) in beneficial interest	4,471	(168)
Actuarial adjustment for gift annuities	1,964	379
Unrealized gain on investments	(221)	(4,216)
Realized gain on investments	(6,014)	(1,603)
Contributions for long-term investment in gift annuity contracts	(2,066)	(1,142)
Changes in assets and liabilities		
Decrease (increase) in accounts receivable, prepaids and inventories	715	(948)
Decrease in grant receivable	956	1,000
Decrease in accounts payable and accrued expenses	(158)	(157)
Net (decrease) increase in pension liability	(3,470)	8,751
Investments acquired through bequests/annuity contracts	-	(1,489)
	<u>2,498</u>	<u>(2,256)</u>
Net cash provided by (used in) operating activities		
<b>Cash flows from investing activities</b>		
Collection of principal on notes receivable	175	(5)
Capital improvements and purchases of equipment	(1,228)	(747)
Proceeds from sale of other asset	1,524	-
Proceeds from sale of youth center	-	9,968
Purchases of investments	(47,782)	(50,757)
Proceeds from sales of investments	44,961	43,366
	<u>(2,350)</u>	<u>1,825</u>
Net cash (used in) provided by investing activities		
<b>Cash flows from financing activities</b>		
Contributions of gift annuity contracts	2,066	1,136
Payments on gift annuity contracts	(1,035)	(936)
	<u>1,031</u>	<u>200</u>
Net cash provided by financing activities		
Net increase (decrease) in cash and cash equivalents	<u>1,179</u>	<u>(231)</u>
Cash and cash equivalents at beginning of year	<u>1,433</u>	<u>1,664</u>
Cash and cash equivalents at end of year	<u>\$ 2,612</u>	<u>\$ 1,433</u>
<b>Supplemental Information</b>		
Donated stock	\$ 96	\$ 74

The accompanying notes are an integral part of these financial statements.

**Braille Institute of America, Inc.**  
**(A California Nonprofit Corporation)**  
**Notes to Consolidated Financial Statements**  
**(In Thousands)**

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**1. Organization and Summary of Significant Accounting Policies**

**Organization**

Braille Institute of America, Inc. (the “Institute”) is a private, nonprofit organization offering its programs and services at no charge to legally blind men, women and children of all ages. Its educational training, programs and services are directed toward one primary objective – helping those who have lost or never had the gift of sight to lead full, productive lives.

Braille Institute receives financial support through individual contributions, bequests and foundation grants. Community groups also assist significantly through sponsorship of many events and activities.

**Basis of Reporting**

The consolidated financial statements include the Institute and split interest agreements. The split interest agreements include the Braille Institute of America, Inc. Charitable Gift Annuity Fund (the “Fund”) and beneficial interests in charitable trusts.

**Basis of Accounting**

The Institute maintains its books on the accrual basis of accounting and in accordance with the AICPA Audit and Accounting Guide, “Not-For-Profit Organizations”. The significant accounting policies are described below:

**New Accounting Interpretation**

In March 2005, the Financial Accounting Standards Board (“FASB”) issued Interpretation 47 (“FIN47”), *Accounting for Conditional Assets Retirement Obligations*, which clarifies that the term “conditional assets retirement obligation” as used in Statement of Financial Accounting Standards 143, *Accounting for Asset Retirement Obligations*, refers to a legal obligation to perform an assets retirement activity when the timing and/or method of settlement are conditional on a future event that may or may not be in the control of the entity. A liability should be established when a legal obligation is absolute, despite the uncertainty regarding the timing and/or method of settlement. In addition, the fair value of a liability for the conditional asset retirement obligation should be recognized when incurred: generally upon acquisition, construction, or development and/or through the normal operations of the asset, FIN47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation.

Management has performed a review of its existing buildings and premises and has determined that the Institute does not have any related obligations that are required to be recorded.

**Non-Operating**

Non-operating revenues and expenses include all realized and unrealized gains and losses on investments, change in value of beneficial interest in trusts, grants for infrastructure improvements and depreciation expense. All other activity is classified as operating revenue and expense.

**Braille Institute of America, Inc.**  
**(A California Nonprofit Corporation)**  
**Notes to Consolidated Financial Statements**  
**(In Thousands)**

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**1. Organization and Summary of Significant Accounting Policies (Continued)**

**Net Assets**

The consolidated assets, liabilities and net assets are reported within the following categories:

Unrestricted Net Assets

The only limits on unrestricted net assets are the broad limits resulting from the nature of the organization and the purposes specified in its articles of incorporation or bylaws and, perhaps, limits resulting from contractual agreements. Unrestricted net assets include Board-designated funds and realized and unrealized investment gains and losses.

Temporarily Restricted Net Assets

These are net assets resulting from contributions and other inflows of assets whose use by the Institute is limited by donor-imposed stipulations that expire by passage of time or can be fulfilled and removed by actions of the Institute pursuant to those stipulations. All temporarily restricted net assets are available for general time restrictions related to program activities.

Permanently Restricted Net Assets

These are net assets resulting from contributions and other inflows of assets whose use by the Institute is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. All permanently restricted net assets are available for endowment.

**Donated Services**

The Institute has various auxiliary support groups that volunteer time for fund-raising and other activities for the benefit of the Institute. While the value of donated labor is not reflected in the accompanying consolidated financial statements, the financial results of fund-raising and other activities are included.

**Marketable Investment Securities**

Marketable investment securities include equity securities and bond mutual funds and are valued at fair value. Interest and dividends are accrued as earned or declared.

**Cash Equivalents**

Certain items which meet the definition of cash equivalents but are part of a larger pool of investments are included in marketable investment securities. The Institute considers demand deposits, certificates of deposit and certain time deposits with original maturity of three months or less to be cash equivalents. The Company currently maintains substantially all of day-to-day operating cash balances with major commercial banks. At times, cash balances may be in excess of FDIC insurance limits.

**Inventories**

Inventories consist of student store merchandise and press department materials. Inventories are valued at lower of cost or market on a first-in, first-out ("FIFO") basis.

**Braille Institute of America, Inc.**  
**(A California Nonprofit Corporation)**  
**Notes to Consolidated Financial Statements**  
**(In Thousands)**

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**1. Organization and Summary of Significant Accounting Policies (Continued)**

**Long Term and Other Long Term Investments**

Long-term investments and long-term investments in gift annuity contracts include U.S. Treasury bills and bonds with maturities of one year or more. These investments are valued at fair value.

Other investments are carried at the lower of cost or market value, except for oil and gas lease rights, which are carried at nominal values due to major uncertainties inherent in any valuation of future royalty revenues.

**Land, Buildings and Equipment**

Additions to land, buildings and equipment are recorded at cost. Donated assets are recorded at fair market value at the time of donation. Fixed assets are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, forty years for the building, generally three to ten years for furniture, equipment and vehicles.

**Taxes**

The Institute is a nonprofit corporation organized under the laws of California and, as such, is exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding state provisions.

**Use of Estimates**

The preparation of the consolidated 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. Actual results could differ from those estimates.

**Prior Year's Summarized Financial Information**

The statement of activities includes certain prior-year summarized information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Institute's and the Fund's financial statements for the year ended June 30, 2005, from which the summarized information was derived.

**Braille Institute of America, Inc.**  
**(A California Nonprofit Corporation)**  
**Notes to Consolidated Financial Statements**  
**(In Thousands)**

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**2. Tax-Sheltered Savings Plan**

Effective April 1, 1990, the Institute adopted a tax-sheltered savings plan for its employees. Employees may defer up to the lesser of 16.67% of their annual compensation or \$14,000. The Institute will match 100% on the first \$1,200 and 50% on the next \$2,400. The matched funds vest 100% after 3 years of credited service (effective January 1, 2002). The Institute's contribution was \$358,276 and \$350,000 in 2006 and 2005, respectively.

**3. Retirement Plan**

The Institute has a defined benefit retirement plan (the "Plan") that covers substantially all of its employees. The benefits are based on years of service and the employee's compensation during employment.

The following table sets forth the Plan's funded status and amounts recognized in the Institute's Consolidated Statement of Financial Position at June 30, 2006 and 2005 for its pension plan:

	<u>Year Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	\$ 26,766	\$ 19,147
Service cost	1,079	742
Interest cost	1,443	1,245
Actuarial (loss) gain	(3,362)	6,636
Benefits paid	<u>(984)</u>	<u>(1,004)</u>
Benefit obligation at end of year	<u>\$ 24,942</u>	<u>\$ 26,766</u>
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	\$ 21,378	\$ 18,614
Actual return on plan assets	1,539	1,468
Employer contribution	1,347	2,300
Benefits paid	<u>(984)</u>	<u>(1,004)</u>
Fair value of plan assets at end of year	<u>\$ 23,280</u>	<u>\$ 21,378</u>
Funded status	\$ (1,662)	\$ (5,389)
Unrecognized net gain	7,402	11,706
Unrecognized prior service cost	459	584
Unrecognized net obligation at transition	<u>(163)</u>	<u>(218)</u>
Net amount recognized	<u>\$ 6,036</u>	<u>\$ 6,683</u>

**Braille Institute of America, Inc.**  
**(A California Nonprofit Corporation)**  
**Notes to Consolidated Financial Statements**  
**(In Thousands)**

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**3. Retirement Plan (Continued)**

	<u>Year Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>
<b>Amounts recognized in the Statement of Financial Position</b>		
Accrued benefit liability	(400)	(3,994)
Intangible asset	459	584
Accumulated Other Nonoperating Income	<u>5,977</u>	<u>10,094</u>
Net amount recognized	<u>\$ 6,036</u>	<u>\$ 6,684</u>

Information for pension plan with an accumulated benefit obligation in excess of plan assets:

	<u>2006</u>	<u>2005</u>
Projected benefit obligation	<u>\$ 24,942</u>	<u>\$ 26,766</u>
Accumulated benefit obligation	<u>\$ 23,681</u>	<u>\$ 25,373</u>
Fair value of plan assets	<u>\$ 23,280</u>	<u>\$ 21,378</u>

Additional information:

	<u>2006</u>	<u>2005</u>
Increase in minimum liability included in Other Nonoperating Income	<u>\$ 5,977</u>	<u>\$ 10,094</u>

**Assumptions used to determine benefit obligation at June 30**

Discount rate	6.50%	5.50%
Rate of compensation increase	4.00%	4.00%

**Weighted-average assumptions used to determine net periodic benefit cost for years ended June 30**

Discount rate	6.50%	5.50%
Expected long-term return on plan assets	8.00%	8.00%
Rate of compensation increase	4.00%	4.00%

**Braille Institute of America, Inc.**  
**(A California Nonprofit Corporation)**  
**Notes to Consolidated Financial Statements**  
**(In Thousands)**

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**3. Retirement Plan (Continued)**

The primary investment objective is to generate a long-term rate of return on assets that exceeds selected performance benchmarks for each asset category and the expected rate of return used in the valuation of the benefit obligation. The assumed rate of return on Plan assets represents an estimate of long-term returns available to investors who hold a mixture of equities and fixed income securities and considers returns on comparable asset classes (both historical and forecasted).

<b>Plan asset allocation at June 30</b>	<u><b>2006</b></u>	<u><b>2005</b></u>
Equity securities	67.00%	65.00%
Fixed income securities	<u>33.00%</u>	<u>35.00%</u>
	<u>100.00%</u>	<u>100.00%</u>

The Plan may invest in equities and fixed income assets, subject to standards of fiduciary prudence for a defined benefit pension plan portfolio. The current long-term investment allocation targets are 67% equities and 33% fixed income with maximum allocations of 70% and 50%, respectively. Investments are diversified according to economic sector, industry, number of holdings and other investment characteristics to minimize risk exposure.

The Institute is not required to make a contribution to the Plan for fiscal year ending June 30, 2006.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid in fiscal year ending June 30:

2007	\$ 1,117
2008	1,230
2009	1,339
2010	1,411
2011	1,498
2012 – 2015	9,626

**Braille Institute of America, Inc.**  
**(A California Nonprofit Corporation)**  
**Notes to Consolidated Financial Statements**  
**(In Thousands)**

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**4. Cash and Cash Equivalents**

A summary of the composition of cash and cash equivalents follows:

	<b>June 30</b>	
	<b><u>2006</u></b>	<b><u>2005</u></b>
Interest-bearing accounts	\$ 1,070	\$ 678
Non-interest bearing accounts	1,535	748
Petty cash	<u>7</u>	<u>7</u>
Total cash and cash equivalents	<b><u>\$ 2,612</u></b>	<b><u>\$ 1,433</u></b>

**5. Marketable Investment Securities and Investments in Gift Annuity Contracts**

A summary of the composition of marketable investment securities follows:

	<b>June 30</b>	
	<b><u>2006</u></b>	<b><u>2005</u></b>
Bond mutual funds	\$ 26,646	\$ 26,781
Equity securities	77,498	68,744
Money market funds	<u>5,099</u>	<u>4,450</u>
Total investment securities	<b><u>\$ 109,243</u></b>	<b><u>\$ 99,975</u></b>

A summary of the composition of investments in gift annuity contracts follows:

	<b>June 30</b>	
	<b><u>2006</u></b>	<b><u>2005</u></b>
Government Bonds and Notes	\$ 6,916	\$ 7,398
Equity securities	3,209	2,824
Money market funds	<u>451</u>	<u>566</u>
Total investment securities	<b><u>\$ 10,576</u></b>	<b><u>\$ 10,788</u></b>

The Institute holds significant investments in the form of fixed-income and equity securities. Market risk is the decrease in the fair value of the investment portfolio due to adverse financial market conditions. The Institute is exposed to market risk in the amount of the investments.

**Braille Institute of America, Inc.**  
(A California Nonprofit Corporation)  
**Notes to Consolidated Financial Statements**  
(In Thousands)

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**6. Other Long Term Investments**

	<u>June 30</u>	
	<u>2006</u>	<u>2005</u>
<b>Other long term investments, at cost</b>		
Oil and gas lease rights	\$ 112	\$ 112
Improved real estate	39	39
Notes receivable, generally collateralized by trust deeds, net of allowance of \$7 in 2006 and \$7 in 2005	28	203
Unimproved real estate	<u>62</u>	<u>62</u>
Total other long-term investments, at cost	<u>\$ 241</u>	<u>\$ 416</u>

**7. Land, Buildings and Equipment**

The components of land, buildings and equipment are as follows:

	<u>June 30</u>	
	<u>2006</u>	<u>2005</u>
Land	\$ 9,956	\$ 9,956
Buildings and improvements	49,191	48,844
Equipment	<u>9,522</u>	<u>8,869</u>
Total land, buildings and equipment	68,669	67,669
Less accumulated depreciation	<u>(32,950)</u>	<u>(31,320)</u>
Total land, buildings and equipment, net	<u>\$ 35,719</u>	<u>\$ 36,349</u>

**8. Charitable Gift Annuity Fund**

The Institute offers a charitable remainder annuities program for those who desire to donate. Institute annuities are written under authority granted to it by the Insurance Commissioner of the State of California. Annuity assets are held by a bank trustee with a reserve adequate to meet estimated future payments under its outstanding annuity contracts. Payments are made from these assets to the annuity beneficiary in accordance with the contract. The gift annuity liabilities are based on the present value of future payments; contracts issued prior to January 1, 2005, are discounted at 6% and estimated lives according to the 1983 Group Annuity Mortality Tables. Contracts issued after January 1, 2005 are discounted 4.5% and using the Annuity 2000 Mortality Table. Due to the separate entity concept inherent in these types of gifts, the Institute produces separate financial statements for its fund. However, the Institute is required to reflect its beneficial interest in annuity contracts in its consolidated financial statements.

**Braille Institute of America, Inc.**  
**(A California Nonprofit Corporation)**  
**Notes to Consolidated Financial Statements**  
**(In Thousands)**

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**9. Functional Expenses**

The functional expenses for 2006 and 2005 totals are as follows:

	<u>Library</u>	<u>Educational Programs and Services</u>	<u>Braille Publishing</u>	<u>Public Education</u>	<u>Administration and General Operations</u>	<u>Development (Fund-Raising)</u>	<u>Total Current Operating Expenditures</u>	
							<u>2006</u>	<u>2005</u>
Salaries	\$ 1,148	\$ 6,952	\$ 779	\$ 330	\$ 1,233	\$ 682	\$ 11,124	\$ 10,691
Employment benefits	561	3,176	339	166	528	298	5,068	3,979
Community relations	13	96	—	38	—	31	178	137
Contract labor, recruitment and training	86	51	15	1	3	20	176	76
Direct mail	—	—	—	—	—	769	769	786
Dues, subscriptions and meetings	7	63	10	5	70	16	171	145
Instructional programs, services and supplies	74	232	—	—	—	—	306	217
Materials and supplies	62	78	17	21	92	14	284	279
Plant and equipment maintenance	481	539	132	33	145	57	1,387	1,304
Professional services	—	—	—	—	324	—	324	270
Publications	9	6	95	270	—	92	472	416
Travel and transportation	4	539	5	1	7	1	557	521
Utilities, taxes and insurance	361	1,006	86	122	58	37	1,670	1,581
Less: Press income	—	—	(87)	—	—	—	(87)	(165)
Total before depreciation	2,806	12,738	1,391	987	2,460	2,017	22,399	20,237
Depreciation of buildings and equipment	679	1,066	20	22	41	30	1,858	1,897
Total functional expenses	<u>\$ 3,486</u>	<u>\$ 13,804</u>	<u>\$ 1,411</u>	<u>\$ 1,009</u>	<u>\$ 2,500</u>	<u>\$ 2,047</u>	<u>\$ 24,257</u>	<u>\$ 22,134</u>