CENTRAL INSTITUTE FOR THE DEAF

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
AUGUST 31, 2011 AND 2010
AND
INDEPENDENT AUDITORS' REPORT

Central Institute for the Deaf

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SCHMERSAHL TRELOAR & CO.
Certified Public Accountants

Independent Auditors' Report

Board of Directors
Central Institute for the Deaf
St. Louis, Missouri

We have audited the accompanying statements of financial position of Central Institute for the Deaf (a Missouri not-for-profit corporation) as of August 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Central Institute for the Deaf as of August 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Schmersahl Treloar + Co., PC

November 29, 2011

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FINANCIAL STATEMENTS

Central Institute for the Deaf
STATEMENTS OF FINANCIAL POSITION

ASSETS

	August 31, 2011	August 31, 2010
ASSETS		
Cash and cash equivalents	$ 305,778	$ 445,623
Accounts receivable, net	127,262	120,634
Pledges receivable	377,315	715,503
Investments	37,519,707	33,612,505
Bequests receivable	90,217	685,000
Notes receivable - net of allowance of $28,000 in 2011 and $58,000 in 2010	3,047,160	3,085,885
Beneficial interest in perpetual trusts	5,493,124	5,146,726
Property and equipment, net	341,889	311,966
Other assets	205,760	217,922
Total Assets	$ 47,508,212	$ 44,341,764

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	$ 67,271	$ 34,486
Other accrued liabilities	49,786	37,663
Deferred revenue	38,410	36,980
Total Liabilities	155,467	109,129
NET ASSETS		
Unrestricted		
Undesignated	540,244	674,385
Property and equipment, net	341,889	311,966
Designated for capital asset acquisition	50,914	100,000
Designated quasi-endowment	20,575,212	18,301,135
Total Unrestricted Net Assets	21,508,259	19,387,486
Temporarily restricted	879,752	906,207
Permanently restricted	24,964,734	23,938,942
Total Net Assets	47,352,745	44,232,635
Total Liabilities and Net Assets	$ 47,508,212	$ 44,341,764

See accompanying notes to financial statements

Central Institute for the Deaf
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PROGRAM REVENUES				
Tuition and fees (net of scholarships)	$ 553,588	$ -	$ -	$ 553,588
Audiology services and sales	232,255	-	-	232,255
Publications	79,391	-	-	79,391
Other income	114,143	-	-	114,143
Total Program Revenues	979,377	-	-	979,377
EXPENSES				
Program services	3,241,043	-	-	3,241,043
Management and general	738,392	-	-	738,392
Fundraising	329,280	-	-	329,280
Total Expenses	4,308,715	-	-	4,308,715
Expenses in Excess of Program Revenues	(3,329,338)	-	-	(3,329,338)
PUBLIC SUPPORT AND OTHER REVENUES				
Contributions	656,338	306,136	74,500	1,036,974
Special events, net of expenses of $59,158	183,822	62,150	-	245,972
United Way	135,848	67,564	-	203,412
Investment income designated for operations	258,377	1,629,544	-	1,887,921
Net assets released from restrictions:				
Satisfaction of program restrictions	2,084,264	(2,084,264)	-	-
Capital	7,585	(7,585)	-	-
Total Public Support and Other Revenues	3,326,234	(26,455)	74,500	3,374,279
CHANGE IN NET ASSETS BEFORE BEQUESTS AND INVESTMENT INCOME IN EXCESS OF AMOUNT DESIGNATED FOR OPERATIONS	(3,104)	(26,455)	74,500	44,941
BEQUESTS	239,988	-	-	239,988
INVESTMENT INCOME IN EXCESS OF AMOUNT DESIGNATED FOR OPERATIONS	1,883,889	-	951,292	2,835,181
CHANGE IN NET ASSETS	2,120,773	(26,455)	1,025,792	3,120,110
NET ASSETS, Beginning of year	19,387,486	906,207	23,938,942	44,232,635
NET ASSETS, End of year	$21,508,259	$ 879,752	$24,964,734	$47,352,745

See accompanying notes to financial statements

Central Institute for the Deaf
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PROGRAM REVENUES				
Tuition and fees (net of scholarships)	$ 546,839	$ -	$ -	$ 546,839
Audiology services and sales	158,396	-	-	158,396
Publications	93,987	-	-	93,987
Other income	122,614	-	-	122,614
Total Program Revenues	921,836	-	-	921,836
EXPENSES				
Program services	3,140,356	-	-	3,140,356
Management	685,173	-	-	685,173
Fundraising	337,491	-	-	337,491
Total Expenses	4,163,020	-	-	4,163,020
Expenses in Excess of Program Revenues	(3,241,184)	-	-	(3,241,184)
PUBLIC SUPPORT AND OTHER REVENUES				
Contributions	438,277	442,141	131,205	1,011,623
Special events, net of expenses of $52,995	180,338	40,050	-	220,388
United Way	129,339	64,232	-	193,571
Investment income designated for operations	768,231	1,085,553	-	1,853,784
Net assets released from restrictions:				
Satisfaction of program restrictions	1,697,742	(1,697,742)	-	-
Capital	4,462	(4,462)	-	-
Total Public Support and Other Revenues	3,218,389	(70,228)	131,205	3,279,366
CHANGE IN NET ASSETS BEFORE BEQUESTS AND INVESTMENT INCOME IN EXCESS OF AMOUNT DESIGNATED FOR OPERATIONS	(22,795)	(70,228)	131,205	38,182
BEQUESTS	1,375,225	-	82,930	1,458,155
INVESTMENT INCOME IN EXCESS OF AMOUNT DESIGNATED FOR OPERATIONS	398,742	-	176,246	574,988
CHANGE IN NET ASSETS	1,751,172	(70,228)	390,381	2,071,325
NET ASSETS, Beginning of year	17,636,314	976,435	23,548,561	42,161,310
NET ASSETS, End of year	$19,387,486	$ 906,207	$23,938,942	$44,232,635

See accompanying notes to financial statements

Central Institute for the Deaf
STATEMENTS OF CASH FLOWS

	Years Ended August 31, 2011	Years Ended August 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 3,120,110	$ 2,071,325
Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities:		
Depreciation and amortization	124,780	123,771
Net (gain) on investments	(3,469,491)	(1,222,229)
Contributions restricted for investment in endowment	(74,500)	(214,135)
Contributions restricted for capital additions	(3,585)	(4,000)
Bequests designated for quasi-endowment	(239,988)	(1,375,225)
(Increase) decrease in assets:		
Accounts receivable	(6,628)	61,471
Other assets	12,162	(1,999)
Pledges receivable	77,575	12,399
Notes receivable	38,725	59,175
Increase (decrease) in liabilities:		
Accounts payable	28,069	(15,014)
Other accrued liabilities	12,123	(8,636)
Deferred revenue	1,430	16,322
Net Change in Cash and Cash Equivalents from Operating Activities	(379,218)	(496,775)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(149,987)	(7,790)
Purchases of investments	(28,855,689)	(9,286,405)
Proceeds from sale of investments	28,071,580	7,396,611
Net Change in Cash and Cash Equivalents from Investing Activities	(934,096)	(1,897,584)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in endowment	335,113	1,601,309
Proceeds from contributions restricted for capital additions	3,585	4,000
Proceeds from bequests designated for quasi-endowment	834,771	975,225
Net Change in Cash and Cash Equivalents from Financing Activities	1,173,469	2,580,534
NET CHANGE IN CASH AND CASH EQUIVALENTS	(139,845)	186,175
CASH AND CASH EQUIVALENTS, Beginning of year	445,623	259,448
CASH AND CASH EQUIVALENTS, End of year	$ 305,778	$ 445,623
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest and income taxes	$ -	$ -

See accompanying notes to financial statements

Central Institute for the Deaf
STATEMENT OF FUNCTIONAL EXPENSES

	For the Year Ended August 31, 2011			
		Supporting Services		
	Program Services	Management	Fundraising	Total Expenses
EXPENSES				
Salaries	$ 1,655,217	$ 405,418	$ 192,771	$ 2,253,406
Employee benefits	232,800	57,020	27,112	316,932
Payroll taxes	122,485	30,001	14,265	166,751
Total Salaries and Related Expenses	2,010,502	492,439	234,148	2,737,089
Professional and consulting fees	-	23,561	-	23,561
Contract service payments	106,451	81,561	39,051	227,063
Costs of hearing aids	97,945	-	-	97,945
Telephone	20,437	5,577	2,437	28,451
Postage and shipping	6,725	3,131	4,349	14,205
Publications	27,293	-	-	27,293
Occupancy	754,435	30,825	14,140	799,400
Program expenses	62,763	21,925	21,066	105,754
Public relations/advertising	6,004	192	1,292	7,488
Staff training	33,311	5,125	2,929	41,365
Office equipment, rental, and supplies	25,232	10,297	4,770	40,299
Miscellaneous	10,407	20,301	3,314	34,022
Total Expenses Before Depreciation	3,161,505	694,934	327,496	4,183,935
Depreciation of buildings and equipment	79,538	43,458	1,784	124,780
Total Expenses	$ 3,241,043	$ 738,392	$ 329,280	$ 4,308,715

See accompanying notes to financial statements

Central Institute for the Deaf
STATEMENT OF FUNCTIONAL EXPENSES

	For the Year Ended August 31, 2010			
		Supporting Services		
	Program Services	Management	Fundraising	Total Expenses
EXPENSES				
Salaries	$ 1,612,130	$ 392,759	$ 209,694	$ 2,214,583
Employee benefits	238,756	58,167	31,056	327,979
Payroll taxes	116,161	28,300	15,109	159,570
Total Salaries and Related Expenses	1,967,047	479,226	255,859	2,702,132
Professional and consulting fees	-	25,977	-	25,977
Contract service payments	82,120	54,068	18,736	154,924
Costs of hearing aids	70,933	-	-	70,933
Telephone	19,265	5,397	1,791	26,453
Postage and shipping	6,786	5,480	4,756	17,022
Publications	28,921	-	-	28,921
Occupancy	755,770	31,215	14,165	801,150
Program expenses	74,121	22,341	16,666	113,128
Public relations/advertising	5,781	210	1,425	7,416
Staff training	22,375	2,566	3,438	28,379
Office equipment, rental, and supplies	22,536	10,080	5,182	37,798
Miscellaneous	6,667	15,568	2,781	25,016
Total Expenses Before Depreciation	3,062,322	652,128	324,799	4,039,249
Depreciation of buildings and equipment	78,034	33,045	12,692	123,771
Total Expenses	$ 3,140,356	$ 685,173	$ 337,491	$ 4,163,020

See accompanying notes to financial statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Central Institute for the Deaf (CID) is a private, not-for-profit organization located in the City of St. Louis, Missouri. CID's mission is to teach children who are deaf and hard-of-hearing to listen, talk, read and succeed. We partner with families and collaborate with universities, educators and other professionals worldwide to help children communicate to achieve their fullest potential.

CID's Program Services include:

- A school that teaches listening and spoken language to children ages 0 – 12 years who are deaf and hard-of-hearing as they learn age-appropriate academic subjects,
- On-site pediatric audiology services to keep children's hearing devices in optimal condition for listening and speaking,
- Educational research and assessment to quantify successful teaching strategies for children who are deaf and hard-of-hearing,
- Graduate-level training and practicum experiences for students learning to be teachers of the deaf and audiologists,
- Workshops, consulting services, and CID-developed teaching materials that are provided to other professionals who serve children who are deaf and hard-of-hearing outside of CID, and
- The Language Center at CID which provides pre-school classes to typically developing hearing children with specific delays in speech and language development.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, CID considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents.

CID maintains cash deposits in bank accounts which at times may exceed the federally insured limits of $250,000 for each bank. The Organization has not experienced any losses in such bank accounts and believes it is not exposed to any significant credit risk on cash.

Financial Instruments

The carrying amount of cash and cash equivalents, receivables, other assets, accounts payable, accrued expenses and deferred revenue approximates fair value due to the short-term maturities of these instruments.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Receivables

Accounts and notes receivable are stated net of allowances for doubtful accounts equal to the amounts deemed doubtful of collection by the Organization's management.

Pledges to give that are expected to be collected within one year are recorded at net realizable value. Pledges to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional pledges to give are not included as support until the conditions are substantially met.

Bequests receivable are recorded at the estimated amount to be received.

Investments

Investments are carried at fair value, as determined from quoted market prices. The Board established an investment spending policy for fiscal years 2011 and 2010 whereby 5% of the 12-quarter average market value, computed using May 31 as the ending month, of the permanent endowment and quasi-endowment portfolios is used for operations, in accordance with donor restrictions, on an annual basis. In addition, certain endowed balances are subject to donor-imposed spending thresholds which may be more or less than 5% of the endowment fair value.

CID invests in various securities including U.S. Government securities, corporate debt instruments, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Property and Equipment

Property and equipment is stated at cost. Additions and improvements are capitalized and expenditures for maintenance and repairs are charged to operations. Depreciation is provided using the straight-line method over the estimated service lives of the assets, which range from three to fifty years.

Deferred Revenue

Amounts received in advance from students for tuition are deferred until services are rendered.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of Presentation

The net assets of CID are classified into the following categories:

Unrestricted net assets: Includes net assets available for the operations of CID (undesignated); net assets available for operations which are invested in Property and Equipment; and net assets invested in the Designated Quasi-Endowment.

Assets invested in the Designated Quasi Endowment are set aside by the Board to ensure a stream of income to provide for a substantial portion of CID's school and other program expenses. The Board's intent is that the corpus of the Designated Quasi-Endowment be maintained in perpetuity; funds may however be withdrawn for major capital improvements or severe financial need.

Temporarily restricted net assets: Includes net assets restricted by the donor for a specific purpose or specific length of time, which has not yet been fulfilled.

Permanently restricted net assets: Includes net assets that have been restricted by the donor to be invested in perpetuity.

Revenues

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as temporarily restricted or permanently restricted support that increase those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Pledge receivables are recognized as revenue when they are unconditionally promised. Contributed property and equipment are recorded at fair value at the date of donation.

Tuition and fees are recorded net of financial aid given to students in the form of scholarships. Scholarships awarded were $719,924 and $915,994 for the years ended August 31, 2011 and 2010, respectively.

Public Relations/Advertising

Costs are expensed as incurred.

Income Taxes

CID qualifies as a nonprofit organization and is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code. CID does not have unrelated business income, excise taxes or activities that would threaten CID's tax-exempt status. Accordingly, no provision for federal or state income taxes is provided. CID files an information return, IRS Form 990.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Taxes *(Continued)*

CID adopted the provisions relating to Accounting for Uncertainty in Income Taxes and management is not aware of any uncertain tax positions of CID related to the tax filings.

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

Subsequent Events

In preparing these financial statements, CID has evaluated events and transactions for potential recognition or disclosure through November 29, 2011, the date the financial statements were available to be issued.

B. PLEDGES RECEIVABLE

Pledges receivable are due to CID as follows:

	2011	2010
Within one year	$372,584	$422,649
Within two to five years	5,000	310,000
	377,584	732,649
Less: Discount – 3.0% to 6.75%	269	17,146
Present value of pledges receivable	$377,315	$715,503

The net present value of pledges receivable at August 31, 2011 and 2010 are restricted for the following purposes:

	2011	2010
Unrestricted Operations	$ 9,751	$ 17,779
Temporarily Restricted Operations	92,564	162,111
Permanently Restricted	275,000	535,613
Total	$377,315	$715,503

C. INVESTMENTS

Investments by net asset class at August 31, 2011 and 2010 are summarized as follows:

	2011	2010
Unrestricted Quasi Endowment	$17,535,909	$14,616,135
Temporarily Restricted	787,188	744,096
Permanently Restricted Endowment	19,196,610	18,252,274
Total Investments	$37,519,707	$33,612,505

Interest and dividends and gains or losses reported as investment income designated for operations and investment gains (losses) in excess of amounts designated for operations on the statements of activities consist of the following:

	2011	2010
Interest and dividends	$1,253,801	$1,206,633
Gain on investments	3,122,903	1,215,068
Gain on beneficial interest in perpetual trusts	346,398	7,071
Total Net Investment Gain	$4,723,102	$2,428,772

D. FAIR VALUE DISCLOSURES

CID's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with *Fair Value Measurements* which establishes a hierarchy based on the quality of the inputs used to measure fair value. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of CID. Unobservable inputs are inputs that reflect CID's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

D. **FAIR VALUE DISCLOSURES** *(Continued)*

Level 1—Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that CID has the ability to access and does not entail a significant degree of judgment.

Level 2—Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3—Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Fair values of assets measured on a recurring basis at August 31, 2011 and 2010 are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
August 31, 2011				
Cash equivalents	$ 1,115,626	$ 1,115,626	$ -	$ -
Corporate debt obligations	6,782,930	6,782,930	-	-
Government debt obligations	6,153,639	6,153,639	-	-
Common and preferred stocks	23,467,512	23,467,512	-	-
Total	$37,519,707	$37,519,707	$ -	$ -
Beneficial interests in perpetual trusts	$ 5,493,124	$ 5,493,124	$ -	$ -
August 31, 2010				
Cash equivalents	$ 892,036	$ 892,036	$ -	$ -
Corporate debt obligations	5,130,502	5,130,502	-	-
Government debt obligations	7,418,554	7,418,554	-	-
Common and preferred stocks	20,171,413	20,171,413	-	-
Total	$33,612,505	$33,612,505	$ -	$ -
Beneficial interests in perpetual trusts	$ 5,146,726	$ 5,146,726	$ -	$ -

E. ENDOWMENT

Donor-restricted endowment funds refer to those endowed funds that are established by donor-restricted gifts for that purpose. The term endowment fund includes cash, securities, or other assets to provide income for the maintenance of a not-for-profit organization. Board-designated endowment funds are a portion of unrestricted net assets earmarked by the board to be invested to provide income for a long but unspecified period. The endowment net asset composition by type of fund as of August 31, 2011 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$879,752	$24,964,734	$25,844,486
Board-designated endowment funds	20,575,212	-	-	20,575,212
Total Funds	$20,575,212	$879,752	$24,964,734	$46,419,698

The endowment net asset composition by type of fund as of August 31, 2010 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$906,207	$23,938,942	$24,845,149
Board-designated endowment funds	18,301,135	-	-	18,301,135
Total Funds	$18,301,135	$906,207	$23,938,942	$43,146,284

Changes in endowment net assets as of August 31, 2011 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$18,301,135	$ 906,207	$23,938,942	$43,146,284
Investment return:				
Investment income	552,690	464,843	236,268	1,253,801
Net appreciation, realized and unrealized	1,589,576	804,782	1,074,943	3,469,301
Total Net Investment Gain	2,142,266	1,269,625	1,311,211	4,723,102
Contributions and bequests	239,988	368,286	74,500	682,774
Other changes:				
Transfers – spending policy Adjustment	-	359,919	(359,919)	-
Transfer to operating	(108,177)	(2,024,285)	-	(2,132,462)
Endowment net assets, end of year	$20,575,212	$ 879,752	$24,964,734	$46,419,698

E. ENDOWMENT *(Continued)*

Changes in endowment net assets as of August 31, 2010 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$16,500,667	$ 976,435	$23,548,561	$41,025,663
Investment return:				
Investment income	541,240	465,105	200,288	1,206,633
Net appreciation, realized and unrealized	625,733	300,481	295,925	1,222,139
Total Net Investment Gain	1,166,973	765,586	496,213	2,428,772
Contributions and bequests	1,375,225	482,191	214,135	2,071,551
Other changes:				
Transfers – spending policy Adjustment	-	319,967	(319,967)	-
Transfer to operating	(741,730)	(1,637,972)	-	(2,379,702)
Endowment net assets, end of year	$18,301,135	$ 906,207	$23,938,942	$43,146,284

F. RISKS AND UNCERTAINTIES

CID invests in numerous investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. During 2009, the credit and liquidity crisis in the United States and throughout the global financial system resulted in substantial volatility in financial markets and the banking system. These and other economic events have had a significant adverse impact on investment portfolios. While market conditions have improved in 2011 and 2010, continued market volatility could adversely impact the value of CID's investment securities after August 31, 2011.

G. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

As of August 31, 2011 and 2010, CID has $5,493,124 and $5,146,726 respectively, of beneficial interest in various perpetual trusts. Each trust is maintained by an outside fiscal agent and is not under the control of CID. CID's proportional interest in the market value of the assets of the trusts is recorded as permanently restricted since the trusts are created to continue in perpetuity. Interest and dividends received from the trusts have been recorded as temporarily restricted based upon the donors' restrictions for utilization.

G. BENEFICIAL INTEREST IN PERPETUAL TRUSTS *(Continued)*

The restrictions for the trusts as of August 31, 2011 and 2010 are as follows:

	2011	2010
General operations	$ 666,491	$ 601,726
School scholarships	2,471,526	2,335,337
School	788,850	714,928
Multiple purposes	1,566,257	1,494,735
Total	$5,493,124	$5,146,726

H. PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2011 and 2010 consists of the following:

	2011	2010
Building	$ 173,769	$ 173,769
Leasehold improvements	566,557	566,557
Furniture and fixtures	745,484	748,841
Equipment	230,067	244,061
	1,715,877	1,733,228
Less accumulated depreciation	1,373,988	1,421,262
Total property and equipment, net	$ 341,889	$ 311,966

I. LINE-OF-CREDIT

CID has a bank line-of-credit with a maximum limit of $1,000,000 at August 31, 2011 and 2010. There were no outstanding borrowings under the line-of-credit at August 31, 2011 and 2010. Interest on the line-of-credit is calculated based on the one month maturity LIBOR rate plus 2%. The interest rate in effect at August 31, 2011 is 2.22%. Any amounts outstanding on the line-of-credit are due on December 27, 2011. Upon expiration, CID expects to renew the line-of-credit under similar terms.

J. NOTES RECEIVABLE

Notes receivable consists of:

	2011	2010
Graduate student tuition loans, payable in 120 monthly installments of principal and interest ranging from 3% to 6%, payments and interest beginning on the 1st day of the thirteenth month following graduation (June 2000 – June 2004), unsecured.	$ 75,160	$ 143,885
Note receivable from Washington University Medical Center for sale of real estate dated February 20, 2004; payable in annual installments of interest at 5%; principal is due in full in year 10, but may be prepaid after 5 years, secured by guarantee of Washington University and Barnes-Jewish Hospital.	3,000,000	3,000,000
	3,075,160	3,143,885
Less: Allowance	28,000	58,000
Total	$3,047,160	$3,085,885

K. NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

	2011	2010
Capital additions	$ -	$ 4,000
School	673,688	674,666
School scholarships	206,064	227,541
Total	$879,752	$906,207

Permanently restricted net assets are restricted to income generation for the following purposes:

	2011	2010
General operations	$ 4,238,098	$ 4,173,333
School	1,816,908	1,714,841
School scholarships	4,554,088	4,392,850
Multiple purposes	14,355,640	13,657,918
Total	$24,964,734	$23,938,942

L. PENSION PLAN

CID has a defined contribution pension plan, which covers all employees who have completed one year of service and who have attained the age of 21. After two years of service, participants begin vesting at a rate of 20% per year. For 2011 and 2010, CID made annual contributions to the plan in an amount equal to 4% of each participant's annual compensation. CID's pension expense amounted to $65,983 and $80,072 in 2011 and 2010, respectively.

M. COMMITMENTS AND CONTINGENCIES

CID is a non-voting associate member in the Washington University Medical Center Redevelopment Corporation (the "Corporation"), a wholly owned subsidiary of Washington University Medical Center. CID has the option and can elect to participate in ventures on a case-by-case basis entered into by the Corporation.

Effective February 20, 2004, CID leases its facilities from Washington University under an agreement that contains an initial term of five years with eight five-year renewal options. At February 20, 2009, CID exercised the option to renew the lease for a second 5 year term. Rent expense was $493,910 for the years ended August 31, 2011 and 2010, respectively.

The lease agreement contains a provision which specifies that if bonds assumed by Washington University are refunded or refinanced and the resulting annual debt service is reduced, CID's base rent will be reduced in the same proportion that the annual debt service is reduced.

Under the current base rent, future minimum lease commitments under the agreement were as follows at August 31, 2011:

Year Ending August 31,	
2012	$ 493,910
2013	493,910
2014	233,725
	$1,221,545