

PHOENIX SOCIETY FOR BURN SURVIVORS, INC.  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2010

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### INDEPENDENT AUDITORS REPORT

To The Board of Directors  
Phoenix Society for Burn Survivors, Inc.  
Grand Rapids, Michigan

We have audited the accompanying statement of financial position of Phoenix Society for Burn Survivors, Inc., (a nonprofit corporation) as of December 31, 2010, and the related statements of activities, functional expenses, and its cash flows for the year then ended. The financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the December 31, 2009, financial statements; and in our report dated April 26, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Phoenix Society for Burn Survivors, Inc., as of December 31, 2010, and the results of its operations and changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads 'Ullrey &amp; Company'.

Ullrey & Company  
Certified Public Accountants

Kalamazoo, Michigan  
April 26, 2011

*FINANCIAL STATEMENTS*

**PHOENIX SOCIETY FOR BURN SURVIVORS, INC.**  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2010  
WITH COMPARATIVE TOTALS FOR 2009

ASSETS

	<u>2010</u>	<u>2009</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 535,322	\$ 495,600
Investments - Endowment Fund	354,112	324,463
Investments - PEG Scholarships	93,609	79,989
Investments - Dearborn Firefighters Endowment Fund	34,942	32,017
Unconditional promises to give	179,750	74,003
Accounts receivable	6,607	194,201
inventory	14,209	14,209
Prepaid expenses	16,559	17,990
<b>TOTAL CURRENT ASSETS</b>	<u>1,235,110</u>	<u>1,232,472</u>
<b>PROPERTY AND EQUIPMENT</b>		
Office Building	274,503	274,503
Office furniture & equipment	118,752	95,243
Less accumulated depreciation	<u>(108,432)</u>	<u>(86,303)</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<u>284,823</u>	<u>283,443</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,519,933</u>	<u>\$ 1,515,915</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 19,758	\$ 4,105
Current portion of mortgage note payable	8,014	7,026
Other liabilities	17,208	16,062
Deferred revenue	<u>8,500</u>	<u>9,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	53,480	36,193
<b>LONG-TERM DEBT</b>		
Mortgage note payable-net of current portion	<u>145,690</u>	<u>153,982</u>
<b>TOTAL LIABILITIES</b>	<u>199,170</u>	<u>190,175</u>
<b>NET ASSETS</b>		
Unrestricted	478,645	329,679
Temporarily restricted	<u>842,118</u>	<u>996,061</u>
<b>TOTAL NET ASSETS</b>	<u>1,320,763</u>	<u>1,325,740</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,519,933</u>	<u>\$ 1,515,915</u>

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

**PHOENIX SOCIETY FOR BURN SURVIVORS, INC.**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010  
WITH COMPARATIVE TOTALS FOR 2009

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	
			2010	2009
<b>SUPPORT AND REVENUES</b>				
Contributions	\$ 111,306	\$ 203,753	\$ 315,059	\$ 296,721
World Burn Congress	476,010	56,782	532,792	1,026,183
Regional revenues	50,004	21,701	101,705	41,503
Special events-net of \$7,713 in expenses	63,731	-	63,731	40,012
Program revenues	38,319	-	38,319	25,601
Dues	27,560	-	27,560	25,964
Investment income (loss)	(623)	41,271	40,648	78,340
Net assets released from restrictions:				
Restrictions satisfied by payments	477,450	(477,450)	-	-
<b>TOTAL SUPPORT &amp; REVENUES</b>	<b>1,273,757</b>	<b>(153,943)</b>	<b>1,119,814</b>	<b>1,534,324</b>
<b>OPERATING EXPENSES</b>				
<b>PROGRAM SERVICES</b>				
Peer support	167,490	-	167,490	95,349
Soar	46,895	-	46,895	37,460
Education	87,366	-	87,366	96,146
Advocacy	132,673	-	132,673	79,598
World Burn Congress	489,314	-	489,314	708,999
<b>TOTAL PROGRAM SERVICES</b>	<b>943,738</b>	<b>-</b>	<b>943,738</b>	<b>1,017,552</b>
<b>SUPPORT SERVICES</b>				
General and administrative	76,620	-	76,620	88,067
Fundraising	104,433	-	104,433	94,794
<b>TOTAL SUPPORT SERVICES</b>	<b>181,053</b>	<b>-</b>	<b>181,053</b>	<b>182,861</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>1,124,791</b>	<b>-</b>	<b>1,124,791</b>	<b>1,200,413</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>148,966</b>	<b>(153,943)</b>	<b>(4,977)</b>	<b>333,911</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>329,679</b>	<b>996,061</b>	<b>1,325,740</b>	<b>991,829</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 478,645</b>	<b>\$ 842,118</b>	<b>\$ 1,320,763</b>	<b>\$ 1,325,740</b>

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

PHOENIX SOCIETY FOR BURN SURVIVORS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2010  
WITH COMPARATIVE TOTALS FOR 2009

	PROGRAM SERVICES				
	PEER SUPPORT	SOAR	EDUCATION	ADVOCACY	WORLD BURN CONGRESS
Salaries	\$ 33,423	\$ 27,305	\$ 30,461	\$ 41,917	\$ 80,235
Payroll taxes	2,704	2,225	2,582	3,348	6,435
Employee benefits	3,816	4,448	2,751	4,978	11,543
Occupancy costs	4,258	-	4,258	4,258	4,258
Postage	3,585	379	3,641	3,411	9,074
Bank charges	1,401	-	1,401	1,401	1,401
Printing and media	4,668	2,657	5,810	4,887	16,935
Professional fees	13,239	4,505	8,225	41,018	18,948
Supplies	1,072	589	1,121	1,072	1,567
Travel	1,821	3,896	7,300	13,576	11,429
Conferences and meetings	-	-	-	-	-
Marketing and promotion	1,044	891	1,512	1,512	1,080
Insurance	1,496	-	1,496	1,496	4,471
Scholarship awards	-	-	7,000	-	62,839
Computer support	3,549	-	3,449	3,449	3,449
Recognition & gifts	-	-	-	-	5,248
Administrative expenses	14	-	-	-	-
World Burn Congress expenses	-	-	-	-	243,647
Telephone	1,695	-	1,719	1,695	2,135
Licenses and permits	-	-	-	-	150
Memberships	144	-	214	229	144
Regional program expenses	105,134	-	-	-	-
Depreciation	4,426	-	4,426	4,426	4,426
<b>TOTAL</b>	<b>\$ 187,490</b>	<b>\$ 46,895</b>	<b>\$ 87,366</b>	<b>\$ 132,673</b>	<b>\$ 489,314</b>

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

TOTAL PROGRAM SERVICES	SUPPORTING SERVICES			TOTAL SUPPORTING SERVICES	TOTALS	
	GENERAL & ADMINISTRATIVE	FUNDRAISING			2010	2009
\$ 213,341	\$ 35,035	\$ 44,850	\$ 79,895	\$ 293,236	\$ 285,325	
17,294	2,936	3,731	6,667	23,961	22,021	
27,536	6,177	5,695	11,872	39,408	34,786	
17,032	2,350	2,129	4,479	21,511	23,093	
20,091	1,612	4,432	6,044	26,135	21,134	
5,604	700	700	1,400	7,004	6,379	
34,857	2,052	10,602	12,654	47,511	47,611	
85,936	4,691	19,330	24,021	109,956	48,070	
5,421	2,106	573	2,679	8,100	7,694	
38,022	3,128	1,320	4,448	42,470	39,586	
-	2,648	-	2,648	2,648	739	
6,039	2,922	1,328	4,250	10,289	10,074	
8,959	748	748	1,496	10,455	7,474	
69,839	-	-	-	69,839	85,090	
13,896	1,814	1,758	3,572	17,468	19,467	
5,248	1,905	-	1,905	7,153	3,593	
14	1,575	-	1,575	1,589	2,028	
243,647	-	-	-	243,647	474,889	
7,244	1,207	848	2,055	9,299	11,011	
150	100	3,794	3,894	4,044	3,331	
731	701	372	1,073	1,804	5,439	
105,134	-	-	-	105,134	19,486	
17,704	2,213	2,213	4,426	22,130	22,073	
<u>\$ 943,738</u>	<u>\$ 76,620</u>	<u>\$ 104,433</u>	<u>\$ 181,053</u>	<u>\$ 1,124,791</u>	<u>\$ 1,200,413</u>	

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

**PHOENIX SOCIETY FOR BURN SURVIVORS, INC.**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
WITH COMPARATIVE TOTALS FOR 2009

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in net assets	\$ (4,977)	\$ 333,911
Adjustments to reconcile increase (decrease) in net cash provided by operations		
Depreciation	22,130	22,073
Realized and unrealized (gains) losses on investments	(35,840)	(70,443)
(Increase) Decrease in operating assets		
Unconditional promises to give	(105,747)	34,107
Accounts receivable	187,594	(18,845)
Prepaid expenses and other assets	1,431	(4,761)
Inventory	-	343
Increase (Decrease) in operating liabilities		
Accounts payable	15,652	(10,537)
Accrued expenses	1,147	2,711
Deferred revenues	(500)	500
	<u>80,890</u>	<u>289,059</u>
<b>NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(23,508)	(8,031)
Change in investments	(10,355)	(7,934)
	<u>(33,864)</u>	<u>(15,965)</u>
<b>NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term borrowings	(7,304)	(6,507)
	<u>39,722</u>	<u>266,587</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>495,600</u>	<u>229,013</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 535,322</u>	<u>\$ 495,600</u>
<b>ADDITIONAL INFORMATION:</b>		
Cash paid for interest	<u>\$ 7,711</u>	<u>\$ 9,593</u>

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

PHOENIX SOCIETY FOR BURN SURVIVORS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Phoenix Society for Burn Survivors, Inc. was formed in 1977 to work with burn survivors, families, healthcare professionals, burn centers, the fire industry and donors to provide burn recovery support, improve the quality of burn care and prevent burn injury. The Organization's mission is to empower anyone affected by a burn injury through peer support, education and advocacy.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Unrestricted net assets* are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

*Temporarily restricted net assets* are subject to donor-imposed restrictions that may or will be met, either by the actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently restricted net assets* are subject to donor-imposed restrictions and maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Promises to Give

Contributions are recognized when the donor makes a promise to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Uncollectible pledges are deemed to be insignificant; therefore, no allowance for uncollectible pledges has been recorded.

Donated Materials and Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization. The value of their time is not reflected in the accompanying financial statements, since the volunteer's time does not meet the criteria for recognition. Donated materials and equipment are reflected as contributions at their estimated value at date of receipt.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**PHOENIX SOCIETY FOR BURN SURVIVORS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Financial Instruments

The Organization's financial instruments consist of cash balances, marketable securities, pledges receivable and accounts payable. The Organization's estimates of fair value approximate their carrying amounts as of December 31, 2010 and 2009.

Investments and Investment Income

Investments are stated at fair value based on quoted market prices. Unless donor or law restricts the income or loss, investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the increase or decrease in unrestricted or temporarily restricted net assets.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the Statement of Activities. The Organization allocates certain costs among the programs and supporting services benefited.

Income Taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Inventory

Inventory consists of books, tapes, and other materials and is stated at the lower of cost (determined on the first-in, first-out method) or market.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

**PHOENIX SOCIETY FOR BURN SURVIVORS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**NOTE B – FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS**

As described in Note A, the Organization's estimates of the fair value of financial assets and liabilities approximate carrying value. Financial accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Cash and cash equivalents:

The Organization considers the carrying values of these financial instruments to approximate fair value because of the short period of time between origination of the instruments and their expected realization.

Investments:

The Organization's investment accounts include Level 1 and Level 2 securities. The Organization's Level 1 securities consist of cash and cash equivalents and equity investment mutual funds. The Organization's Level 2 securities consist of fixed income investment mutual funds.

**PHOENIX SOCIETY FOR BURN SURVIVORS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**NOTE B – FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table summarizes the valuation of the Organization's financial instruments by the aforementioned pricing categories at December 31, 2010:

	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Prices with Other Observable Inputs (Level 2)</u>
Cash and cash equivalents	\$ 535,322	\$535,322	\$ -
investments			
Endowment			
Cash and cash equivalents	8,725	8,725	-
Mutual funds-equities	157,122	157,122	-
Mutual funds-fixed income	188,265	-	188,265
Total Endowment	<u>354,112</u>	<u>165,847</u>	<u>188,265</u>
PEG Scholarships			
Cash and cash equivalents	51	51	-
Mutual funds-equities	54,327	54,327	-
Mutual funds-fixed income	39,231	-	39,231
Total PEG Scholarships	<u>93,609</u>	<u>54,378</u>	<u>39,231</u>
Dearborn Firefighters Endowment Fund			
Cash and cash equivalents	866	866	-
Mutual funds-equities	15,502	15,502	-
Mutual funds-fixed income	18,574	-	18,574
Total Dearborn Firefighters Endowment Fund	<u>34,942</u>	<u>16,368</u>	<u>18,574</u>
<b>Totals</b>	<u>\$ 1,017,985</u>	<u>\$771,915</u>	<u>\$ 246,070</u>

The Organization's investment portfolio consists of the following at December 31, 2010:

	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Cash and cash equivalents	\$ 9,642	\$ -	\$ -	\$ 9,642
Mutual funds-equities	195,506	31,445	-	226,951
Mutual funds-fixed income	229,610	16,460	-	246,070
<b>Total Investments</b>	<u>\$ 434,758</u>	<u>\$ 47,905</u>	<u>\$ -</u>	<u>\$ 482,663</u>

Reported as:				
Endowment				\$ 354,112
PEG Scholarships				93,609
Dearborn Firefighters Endowment Fund				34,942
				<u>\$ 482,663</u>

PHOENIX SOCIETY FOR BURN SURVIVORS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**NOTE B – FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

Investment income for the year ended December 31, 2010, was classified as temporarily restricted and is summarized as follows:

Interest and dividends	\$ 11,049
Realized gains (losses)	20,914
Unrealized gains (losses)	14,926
Advisors fees	<u>(5,618)</u>
Total	<u>\$ 41,271</u>

**NOTE C – INTERPRETATION OF RELEVANT LAW**

As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the donor-restricted endowment funds are classified as temporarily restricted net assets and maintained as such for appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA and donors' restrictions on use. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the Fund.
2. The purposes of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

**NOTE D – UNCONDITIONAL PROMISES TO GIVE**

The unconditional promises to give are from major contributors who pledged from 2005 through 2009, and are collectible over a varying number of years. The unconditional promises to give from the major contributors are restricted for use in the year they are received. The promises are reflected at the present value of future cash flows, and amounts are deemed collectible; therefore, no provision for uncollectible is necessary.

Receivable in less than one year	\$ 169,750
Receivable in one to five years	10,000
Total unconditional promises to give	<u>\$ 179,750</u>

**PHOENIX SOCIETY FOR BURN SURVIVORS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**NOTE E – PROPERTY AND EQUIPMENT**

Cost of property and equipment and depreciable lives as of December 31, 2010, are summarized as follows:

Office building	\$ 274,503
Office furniture & equipment	<u>118,752</u>
Total cost	393,255
Less: accumulated depreciation	<u>(108,432)</u>
Net carrying amount	<u><u>\$ 284,823</u></u>

**NOTE F - RESTRICTIONS ON ASSETS**

On December 6, 2001, the Organization established the Tom and Mary Hessel Endowment Fund. This Fund was established as a separate temporarily restricted fund with a contribution made by Thomas J. Hessel and Mary P. Hessel in the amount of \$251,475. The income from the endowment is to be used to support the charitable activities of the Phoenix Society For Burn Survivors, Inc. The endowment is classified as a temporarily restricted net asset because the Organization's Board of Directors, with a two-thirds majority vote, may make distributions from the principal of the fund to support the charitable activities of the Organization.

The remaining temporarily restricted net assets consist of funds raised by the various regions for use in their regions and funds donated for specific activities or available for use in future years.

Temporarily restricted net assets are as follows at December 31, 2010:

Tom & Mary Hessel Endowment	\$ 354,112
Dearborn Firefighters Endowment	34,942
Major donor program-time restricted	5,203
Phoenix Educational Grant (PEG)	
Scholarship Program	93,609
Region I	6,487
Firefighter Focus Group	17,132
SOAR Peer Research	15,032
Station Fire Needs Assessment	15,536
Aftercare Reintegration	3,352
Database & Recruitment	36,000
Advocacy Project	71,605
Social Skills Module	10,000
World Burn Congress Scholarships	21,177
Joseph F. Hickey Fire Service World	
Burn Scholarship Award	7,931
World Burn Congress 2011	50,000
World Burn Congress 2012	<u>100,000</u>
Total	<u><u>\$ 842,118</u></u>

**PHOENIX SOCIETY FOR BURN SURVIVORS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**NOTE G – MORTGAGE NOTE PAYABLE**

The mortgage note payable is with J P Morgan Chase Bank, NA, dated May 16, 2005, in the amount of \$187,900. The note payable is secured by a first mortgage on the Organization's office condominium in Grandville, Michigan. The mortgage note is due in monthly installments of \$1,342, including interest at 5.75% and maturing in October, 2024. The balance due at December 31, 2010, is as follows:

Mortgage Note Payable	\$ 153,704
Less: current portion	8,014
Net Long-term debt	<u>\$ 145,690</u>

Principal payments on long-term debt in the succeeding years are as follows:

Year ended December 31, 2011	\$ 8,014
2012	8,353
2013	8,706
2014	9,074
2015	9,458
Thereafter	110,099
	<u>\$ 153,704</u>

**NOTE H - CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Cash and cash equivalents were \$525,740, at December 31, 2010. Of that total, \$275,740 were in excess of the federally insured limits. The investments in mutual funds and stocks are subject to the general risk of a market decline.

**NOTE I - SUMMARIZED COMPARATIVE INFORMATION**

The financial statements include certain prior-year summarized comparative information in total, but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

**NOTE J - WORLD BURN CONGRESS**

The Organization's World Burn Congress is an annual international conference that brings together hundreds of burn survivors, their families, caregivers, burn care professionals and firefighters. It is a forum to provide support and increase knowledge of burn recovery. The revenue and support for the World Burn Congress was as follows:

Unrestricted	
Sponsors	\$ 166,065
Registrations	163,839
Exhibitions	14,250
In-kind contributions	117,974
Other revenues	13,882
	<u>\$ 476,010</u>
Temporarily Restricted	
World Burn Congress Scholarships	<u>\$ 56,782</u>

**PHOENIX SOCIETY FOR BURN SURVIVORS, INC.**  
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**NOTE K – RETIREMENT PLAN**

In 2010 the Organization established a qualified defined-contribution pension plan covering all eligible employees. The Organization contributes 2% of employees' eligible annual compensation, and employees can make voluntary contributions. The Organization's contribution to the plan totaled \$5,753 for 2010.

**NOTE L – SUBSEQUENT EVENTS**

Management has evaluated events subsequent to the date of the statement of financial position through April 26, 2011, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through April 26, 2011, that would require adjustment or disclosure in the financial statements.