

RACHEL CARSON HOMESTEAD
ASSOCIATION, INC.
ANNUAL AUDIT REPORT
YEAR ENDED SEPTEMBER 30, 2010



THOMPSON & MYERS
A PROFESSIONAL CORPORATION
COMMERCE BUILDING, SUITE 101
4232 NORTHERN PIKE
MONROEVILLE, PA 15146

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors.
Rachel Carson Homestead Association, Inc.
Pittsburgh, Pennsylvania

We have audited the accompanying statement of financial position of Rachel Carson Homestead Association, Inc. (a not-for-profit corporation) as of September 30, 2010 and 2009 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance that 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 audits provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Rachel Carson Homestead Association, Inc. as of September 30, 2010 and 2009, and the changes in its net assets and cash flow for the years then ended, in conformity with U.S. generally accepted accounting principles.

CERTIFIED PUBLIC ACCOUNTANTS

Monroeville, Pennsylvania
June 9, 2011

RACHEL CARSON HOMESTEAD ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2010 AND 2009

	<u>SEPTEMBER 30,</u>	
	<u>2010</u>	<u>2009</u>
ASSETS		
Cash	\$ 16,262	\$ 41,675
Inventory	6,055	9,039
Prepaid Expenses	850	850
Property and Equipment, at Cost less Accumulated Depreciation of \$39,935 and \$34,310	<u>126,234</u>	<u>131,859</u>
 Total Assets	 <u><u>\$ 149,401</u></u>	 <u><u>\$ 183,423</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 4,353	\$ 4,179
Line of Credit Loan Payable	23,090	46,000
 Net Assets		
Unrestricted	26,558	2,859
Temporarily Restricted by Donors	10,000	44,985
Permanently Restricted	<u>85,400</u>	<u>85,400</u>
 Total Net Assets	 <u><u>121,958</u></u>	 <u><u>133,244</u></u>
 Total Liabilities and Net Assets	 <u><u>\$ 149,401</u></u>	 <u><u>\$ 183,423</u></u>

The accompanying summary of significant accounting policies
and notes are an integral part of this statement.

RACHEL CARSON HOMESTEAD ASSOCIATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CHANGES IN UNRESTRICTED NET ASSETS		
SUPPORT		
Contributions	\$ 33,116	\$ 3,185
Gift Shop Sales	6,295	9,805
Special Events	43,760	38,096
Memberships	5,350	5,714
Other	75	265
Satisfaction of Purpose Restrictions	<u>214,335</u>	<u>165,132</u>
Total Support	<u>302,931</u>	<u>222,197</u>
EXPENSES		
Program Services	200,732	203,897
Administration	61,348	53,550
Fundraising	<u>17,152</u>	<u>15,108</u>
Total Expenses	<u>279,232</u>	<u>272,555</u>
Increase (Decrease) in Unrestricted Net Assets	<u>23,699</u>	<u>(50,358)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	179,350	109,632
Net Assets Released from Restrictions	<u>(214,335)</u>	<u>(165,132)</u>
(Decrease) in Temporarily Restricted Net Assets	<u>(34,985)</u>	<u>(55,500)</u>
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions	<u>-</u>	<u>85,400</u>
Total (Decrease) in Net Assets	(11,286)	(20,458)
Net Assets - Beginning of Year	<u>133,244</u>	<u>153,702</u>
Net Assets - End of Year	<u>\$ 121,958</u>	<u>\$ 133,244</u>

The accompanying summary of significant accounting policies and notes are an integral part of this statement.

RACHEL CARSON HOMESTEAD ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

SEPTEMBER 30, 2010 AND 2009

	<u>Program Services</u>	<u>Administration and Fundraising</u>	<u>Total</u>
<u>YEAR ENDED SEPTEMBER 30, 2010</u>			
Salaries and Benefits	\$ 131,605	\$ 56,402	\$ 188,007
Membership and Educational Programs	41,502	-	41,502
Cost of Gift Shop Sales	4,562	-	4,562
Web Hosting and Marketing	1,263	-	1,263
Postage and Printing	3,875	536	4,411
Office Expenses	-	17,322	17,322
Interest Expense	-	1,305	1,305
Depreciation	5,625	-	5,625
Maintenance	1,951	-	1,951
Utilities and Telephone	3,077	-	3,077
Insurance	2,272	-	2,272
Professional Fees	5,000	-	5,000
Fundraising	-	2,935	2,935
	<u>\$ 200,732</u>	<u>\$ 78,500</u>	<u>\$ 279,232</u>
<u>YEAR ENDED SEPTEMBER 30, 2009</u>			
Salaries and Benefits	\$ 128,866	\$ 53,808	\$ 182,674
Membership and Educational Programs	43,852	-	43,852
Cost of Gift Shop Sales	6,664	-	6,664
Web Hosting and Marketing	3,223	-	3,223
Postage and Printing	5,045	-	5,045
Office Expenses	-	12,030	12,799
Interest Expense	-	769	769
Depreciation	4,333	-	4,333
Maintenance	1,977	-	1,977
Utilities and Telephone	4,011	-	4,011
Insurance	1,841	-	1,841
Professional Fees	4,085	-	4,085
Fundraising	-	2,051	2,051
	<u>\$ 203,897</u>	<u>\$ 68,658</u>	<u>\$ 272,555</u>

The accompanying summary of significant accounting policies
and notes are an integral part of this statement.

RACHEL CARSON HOMESTEAD ASSOCIATION, INC.
STATEMENT OF CASH FLOW
YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Operating Activities		
Cash Provided by (Applied to) Operating Activities		
(Decrease) in Net Assets	\$ (11,286)	\$ (20,458)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities		
Depreciation Not Requiring the Use of Cash	5,625	4,333
Decrease in Inventory	2,984	658
Decrease in Prepaid Expenses	-	1,274
Increase (Decrease) in Accounts Payable	<u>174</u>	<u>(10,212)</u>
Net Cash (Applied to) Operating Activities	\$ (2,503)	\$ (24,405)
Investing Activities		
Cash Applied to Investing Activities		
Acquisition of Building and Land	-	(85,400)
Financing Activities		
Cash Provided by Financing Activities		
Proceeds of Line of Credit Loan	<u>84,500</u>	<u>46,000</u>
Cash Applied to Financing Activities		
Line of Credit Loan Payments	<u>107,410</u>	<u>-</u>
Net Cash Provided by (Applied to) Financing Activities	<u>(22,910)</u>	<u>46,000</u>
Net (Decrease) in Cash and Cash Equivalents	(25,413)	(63,805)
Cash - Beginning of Year	<u>41,675</u>	<u>105,480</u>
Cash - End of Year	<u>\$ 16,262</u>	<u>\$ 41,675</u>
Required Disclosure		
Cash paid for Interest	<u>\$ 1,305</u>	<u>\$ 769</u>

The accompanying summary of significant accounting policies
and notes are an integral part of this statement.

RACHEL CARSON HOMESTEAD ASSOCIATION, INC.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Rachel Carson Homestead Association, Inc. (the Association) was formed in 1975 to preserve, restore and interpret the birthplace and home (the Homestead) of naturalist and author Rachel Carson. The Association also provides environmental educational programs.

The Association is 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.

Basis of Accounting

The financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Association considers all highly liquid investments with original maturities of less than three months to be cash equivalents.

Substantially all of the Association's cash is held or invested at one financial institution.

Promises to Give

Unconditional promises to give (pledges receivable) are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Inventories

Inventories consist of gift items and are stated at the lower of cost or market, on a first-in, first-out basis.

RACHEL CARSON HOMESTEAD ASSOCIATION, INC.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Land, building and equipment are stated at cost, less accumulated depreciation, computed in accordance with the straight-line method of depreciation and the estimated useful lives of the assets. Maintenance and repairs are reported as Functional Expenses when incurred.

Revenue and Support

Membership revenue is recognized when received.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 and changes in net assets as net assets released from restrictions.

Approximately 30% in 2010 and 44% in 2009 of the Association's contributions were from one donor.

In-kind Contributions

Donated materials and services (except rent – see "Lease Obligation") are reflected as contributions at their estimated values at the date of receipt.

The Association receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

RACHEL CARSON HOMESTEAD ASSOCIATION, INC.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

PROPERTY AND EQUIPMENT

The cost, accumulated depreciation and estimated useful lives of land, building and equipment are summarized as follows:

<u>September 30, 2010</u>	<u>Estimated Useful Life</u>	<u>Cost</u>
Land	N/A	\$ 22,700
Building	39 Years	62,700
Building Improvements	20 – 31 Years	67,603
Furniture and Equipment	5 Years	<u>13,166</u>
Total Cost		166,169
Less – Accumulated Depreciation		<u>39,935</u>
Net Book Value		<u><u>\$126,234</u></u>

<u>September 30, 2009</u>	<u>Estimated Useful Life</u>	<u>Cost</u>
Land	N/A	\$ 22,700
Building	39 Years	62,700
Building Improvements	20 – 31 Years	67,603
Furniture and Equipment	5 Years	<u>13,166</u>
Total Cost		166,169
Less – Accumulated Depreciation		<u>34,310</u>
Net Book Value		<u><u>\$131,859</u></u>

RACHEL CARSON HOMESTEAD ASSOCIATION, INC.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

RESTRICTION ON NET ASSETS

Temporarily restricted net assets are available for the following purposes at September 30:

	<u>2010</u>	<u>2009</u>
Education	\$ 10,000	\$ 29,780
Newsletter	-	3,551
Scholarships	-	3,019
Garden	-	3,140
Founder's Fund – for Improvements	-	3,967
Memorial Fund	<u>-</u>	<u>1,528</u>
	<u>\$ 10,000</u>	<u>\$ 44,985</u>

LEASE OBLIGATION AND PERMANENTLY RESTRICTED NET ASSET

Prior to June 2, 2009, the Homestead building and land was owned by Springdale Borough of Allegheny County. Springdale leased the building and land to the Association under the terms of a lease expiring in April 2026. Under the lease, the Association paid \$1 per year plus all operating and maintenance expenses associated with the building and land. In addition, as discussed in the note titled "Summary of Significant Accounting Policies", the Association was responsible to preserve, restore and interpret the Homestead. The Association had concluded that the expenses it incurred and the services it provided represented the fair value of the rent associated with the lease.

Effective June 2, 2009, the deed to the Homestead building and land was transferred to the Association from Springdale Borough in exchange for consideration of \$1. Ownership and transfer rights under the deed are permanently restricted to organizations that will continue to preserve, restore and interpret the Homestead.

EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 9, 2011, the date which the financial statements were available to be issued.