



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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October 28, 2014

Board of Directors
Peak Community Services, Inc.
1416 Woodlawn Ave.
Logansport, IN 46947

We have reviewed the audit report prepared by Huth Thompson LLP, for the period July 1, 2010 to June 30, 2011. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Peak Community Services, Inc., as of June 30, 2011, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

Financial Statements

PEAK COMMUNITY SERVICES, INC.

JUNE 30, 2011 AND 2010

PEAK COMMUNITY SERVICES, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Peak Community Services, Inc.
Logansport, Indiana

We have audited the accompanying statements of financial position of Peak Community Services, Inc. as of June 30, 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 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 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 Peak Community Services, Inc. as of June 30, 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.

Huth Thompson LLP

November 29, 2011
Lafayette, Indiana



PEAK COMMUNITY SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION

As of June 30,

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,244,432	\$ 1,491,549
Certificates of Deposit	758,388	746,213
Accounts Receivable	104,407	81,644
Related Party Receivable	-	200
Claims Receivable	533,669	441,059
Unconditional Promises to Give	61,888	59,475
Prepaid Expenses	26,991	33,803
TOTAL CURRENT ASSETS	2,729,775	2,853,943
INVESTMENTS	220,024	184,984
PROPERTY, PLANT AND EQUIPMENT		
Building and Improvements	2,379,255	2,193,777
Residential Buildings	1,228,725	1,265,325
Construction in Progress	-	37,837
Equipment, Furniture and Fixtures	1,241,953	1,141,325
Vehicles	378,579	378,579
	5,228,512	5,016,843
Accumulated Depreciation	(2,706,101)	(2,631,052)
	2,522,411	2,385,791
Land	176,721	180,149
	2,699,132	2,565,940
OTHER ASSETS		
Beneficial Interest in Assets Held at Pulaski County		
Community Foundation	11,485	9,873
Cash Value of Life Insurance	1,442	1,477
	12,927	11,350
	\$ 5,661,858	\$ 5,616,217

See Notes to Financial Statements.

	<u>2011</u>	<u>2010</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 27,086	\$ 82,504
Related Party Payable	473	-
Accrued Expenses--		
Payroll and Payroll Taxes	115,308	100,245
Paid Time Off	<u>78,966</u>	<u>90,202</u>
TOTAL CURRENT LIABILITIES/TOTAL LIABILITIES	221,833	272,951
NET ASSETS		
Unrestricted	5,420,111	5,326,040
Temporarily Restricted	<u>19,914</u>	<u>17,226</u>
	<u>5,440,025</u>	<u>5,343,266</u>
	<u>\$ 5,661,858</u>	<u>\$ 5,616,217</u>

PEAK COMMUNITY SERVICES, INC.

STATEMENTS OF ACTIVITIES
For Years Ended June 30,

	2011		2010		TEMPORARILY RESTRICTED		TEMPORARILY RESTRICTED	
	TOTAL	UNRESTRICTED	UNRESTRICTED	RESTRICTED	TOTAL	UNRESTRICTED	RESTRICTED	
SUPPORT AND REVENUE								
Public Support								
Contributions	\$ 11,554	\$ 10,534	\$ 1,020	\$ 5,728	\$ 5,118	\$ 610		
Activity Fund	4,575	4,575	-	4,741	4,741	-		
United Way Grants and Allocations	31,712	2,762	28,950	31,458	16,983	14,475		
	47,841	17,871	29,970	41,927	26,842	15,085		
Program Services								
OBRA	191,268	191,268	-	217,025	217,025	-		
IFSSA Contracts--								
Residential Services	20,369	20,369	-	23,600	23,600	-		
Medicaid	2,331,701	2,331,701	-	2,259,095	2,259,095	-		
Vocational Rehabilitation	27,338	27,338	-	41,987	41,987	-		
Medicaid Waiver	1,623,936	1,623,936	-	2,084,071	2,084,071	-		
CHOICE	21,343	21,343	-	21,217	21,217	-		
Tuition - Resident Fees	234,694	234,694	-	226,978	226,978	-		
County Tax	90,000	90,000	-	90,000	90,000	-		
	4,540,649	4,540,649	-	4,963,973	4,963,973	-		
Other Income								
Workshop Contracts	521,498	521,498	-	416,862	416,862	-		
Investment	64,448	64,435	13	61,969	61,960	9		
Foundation Services	12,699	12,699	-	9,698	9,698	-		
Miscellaneous	22,026	22,026	-	18,056	18,056	-		
In-Kind	9,183	9,183	-	2,565	2,565	-		
	629,854	629,841	13	509,150	509,141	9		
	-	27,295	(27,295)	-	16,927	(16,927)		
NET ASSETS RELEASED FROM RESTRICTIONS								
TOTAL SUPPORT AND REVENUE	5,218,344	5,215,656	2,688	5,515,050	5,516,883	(1,833)		
EXPENSES								
Program Services	4,244,600	4,244,600	-	4,374,592	4,374,592	-		
Management and General	743,988	743,988	-	749,978	749,978	-		
Fundraising	132,997	132,997	-	112,683	112,683	-		
	5,121,585	5,121,585	-	5,237,253	5,237,253	-		
INCREASE (DECREASE) IN NET ASSETS	96,759	94,071	2,688	277,797	279,630	(1,833)		
NET ASSETS--Beginning of Year	5,343,266	5,326,040	17,226	5,065,469	5,046,410	19,059		
NET ASSETS--End of Year	\$ 5,440,025	\$ 5,420,111	\$ 19,914	\$ 5,343,266	\$ 5,326,040	\$ 17,226		

See Notes to Financial Statements.

PEAK COMMUNITY SERVICES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For Years Ended June 30,

2011

	PROGRAM SERVICES											TOTAL	MANAGEMENT AND GENERAL	FUNDRAISING	COMBINED TOTAL
	WORK SERVICES	EMPLOYMENT SERVICES	LIFE SKILLS	TRIP	COMMUNITY LIVING	FAMILY SERVICES	SUPERVISED GROUP LIVING	TRANS-PORTATION	ACTIVITY FUND	TOTAL	MANAGEMENT AND GENERAL				
Staff Salaries	\$ 262,318	\$ 30,145	\$ 191,139	\$ 126,756	\$ 719,560	\$ 193,852	\$ 812,775	\$ 5,344	\$ -	\$ 2,341,889	\$ 446,217	\$ 60,739	\$ 2,848,845		
Client Salaries	263,935	-	6,896	-	-	-	-	-	-	270,831	2,776	-	273,607		
Payroll Taxes	39,062	2,257	13,307	9,366	52,293	14,307	54,027	339	-	184,958	28,951	4,586	218,495		
Employee Benefits	55,999	5,139	28,365	16,106	98,913	8,826	120,879	190	-	334,417	77,026	12,240	423,683		
Professional Fees	4,634	198	2,651	2,786	12,480	5,382	37,770	32	-	65,833	27,540	18,015	111,488		
Supplies	14,866	583	7,313	4,232	14,390	3,784	129,833	99	166	175,266	8,266	4,530	188,062		
Occupancy	12,466	1,262	9,937	5,306	30,734	8,115	45,094	224	-	113,138	18,680	2,543	134,361		
Repair and Maintenance	13,514	1,428	10,340	6,004	37,054	9,182	86,531	253	-	164,306	21,135	3,076	188,517		
Postage	1,142	-	-	-	39	-	1	-	-	1,182	3,612	1,892	6,486		
Printing and Publications	945	-	-	-	-	-	698	-	-	1,643	592	4,858	7,093		
Telephone	4,744	558	3,921	2,346	15,563	3,688	5,073	99	-	35,892	8,260	1,124	45,276		
Travel and Transportation	2,286	236	2,142	7,160	17,269	5,258	20,642	49,685	-	104,678	17,022	179	121,879		
Conferences and Meetings	1,017	210	150	-	6,224	1,224	2,348	-	-	11,173	2,962	374	14,509		
Professional Dues	1,306	-	-	-	-	-	234	-	-	1,540	12,268	470	14,278		
Activity Fund	-	-	-	-	-	-	-	-	5,342	5,342	-	-	5,342		
Depreciation	36,594	2,965	13,678	11,509	53,909	14,290	38,835	377	-	172,157	31,441	4,279	207,877		
Medicaid Assessment Fees	-	-	-	-	-	-	135,276	-	-	135,276	-	-	135,276		
Miscellaneous	964	277	1,674	880	2,608	898	2,652	-	161	10,114	27,240	5,109	42,463		
Donation to Peak Foundation	-	-	-	-	-	-	-	-	-	-	10,000	-	10,000		
In-Kind Expenses	-	-	-	-	30,710	-	84,155	-	-	114,865	-	9,183	9,183		
Loss on Sale of Property and Equipment	-	-	-	-	-	-	324,572	-	-	-	-	-	-		
Program Allocation	(135,338)	-	(182,876)	(26,358)	-	-	-	-	-	-	-	-	-		
	\$ 580,454	\$ 45,258	\$ 128,637	\$ 168,093	\$ 1,091,746	\$ 268,706	\$ 1,901,395	\$ 56,642	\$ 5,669	\$ 4,244,600	\$ 743,988	\$ 132,997	\$ 5,121,585		

(Continued on page 5)

See Notes to Financial Statements.

PEAK COMMUNITY SERVICES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For Years Ended June 30,

(Continued from page 4)

2010

	PROGRAM SERVICES											TOTAL	MANAGEMENT AND GENERAL	FUNDRAISING	COMBINED TOTAL
	WORK SERVICES	EMPLOYMENT SERVICES	LIFE SKILLS	TRIP	COMMUNITY LIVING	FAMILY SERVICES	SUPERVISED GROUP LIVING	TRANS-PORTATION	ACTIVITY FUND	TOTAL	MANAGEMENT AND GENERAL				
Staff Salaries	\$ 265,831	\$ 39,124	\$ 150,702	\$ 160,143	\$ 934,491	\$ 223,550	\$ 749,049	\$ 6,378	\$ -	\$ -	\$ 2,528,268	\$ 431,524	\$ 64,219	\$ 3,024,011	
Client Salaries	213,383	1,590	8,655	-	-	8,655	4	-	-	-	223,632	2,466	-	226,098	
Payroll Taxes	35,323	3,058	11,156	11,404	68,974	16,834	55,123	420	-	-	202,292	31,843	4,788	238,923	
Employee Benefits	67,256	946	21,787	20,915	106,012	11,736	125,254	1,736	-	-	356,642	87,190	11,079	454,911	
Professional Fees	19,225	848	2,913	3,093	16,872	3,662	27,595	87	-	-	74,295	47,612	13,006	134,913	
Supplies	21,479	931	8,020	5,155	20,967	4,745	129,253	209	1,904	-	192,663	8,700	4,138	205,501	
Occupancy	11,331	1,449	5,824	5,831	35,050	8,280	36,019	236	-	-	104,120	15,982	2,378	122,480	
Repair and Maintenance	11,459	1,579	9,662	6,513	38,363	9,100	84,225	257	-	-	161,158	17,414	2,981	181,553	
Postage	997	-	-	-	-	-	-	-	-	-	997	4,183	155	5,335	
Printing and Publications	1,755	170	656	698	4,071	974	3,569	28	-	-	11,921	1,880	280	14,081	
Telephone	4,006	590	2,271	2,414	16,707	3,369	8,939	96	-	-	38,392	6,503	968	45,863	
Travel and Transportation	5,129	653	5,697	10,211	26,164	4,605	26,946	49,565	-	-	128,970	12,340	73	141,383	
Conferences and Meetings	677	217	59	67	8,739	928	1,596	-	150	-	12,433	6,614	99	19,146	
Professional Dues	1,306	-	75	-	-	-	150	-	-	-	1,531	33,033	155	34,719	
Activity Fund	-	-	-	-	-	-	-	-	6,338	-	6,338	-	-	6,338	
Depreciation	26,436	3,225	9,546	12,479	61,195	14,528	43,562	7,504	-	-	178,475	26,782	3,986	209,243	
Client Support	-	-	-	-	2,126	-	-	-	-	-	2,126	-	-	2,126	
Medicaid Assessment Fees	-	-	-	-	-	-	135,685	-	-	-	135,685	-	-	135,685	
Miscellaneous	1,492	317	454	1,482	1,447	766	2,376	40	48	-	8,422	15,857	1,713	25,992	
Donation to Peak Foundation	-	-	-	-	-	-	-	-	-	-	-	25	-	25	
In-Kind Expenses	-	-	-	-	-	-	-	-	-	-	-	30	-	30	
Bad Debt Expense	-	-	-	-	-	-	6,232	-	-	-	6,232	-	-	6,232	
Program Allocation	(145,326)	(1,814)	(173,900)	(13,062)	-	-	334,102	-	-	-	6,232	-	-	6,232	
	\$ 541,759	\$ 52,883	\$ 63,577	\$ 227,443	\$ 1,341,178	\$ 303,077	\$ 1,769,679	\$ 66,556	\$ 8,440	\$ -	\$ 4,374,592	\$ 749,978	\$ 112,683	\$ 5,237,253	

See Notes to Financial Statements.

PEAK COMMUNITY SERVICES, INC.

STATEMENTS OF CASH FLOWS
For Years Ended June 30,

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 96,759	\$ 277,797
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities--		
Depreciation	207,877	209,243
Realized (Gain) on Investments	(4,738)	(22,392)
Unrealized (Gain) on Investments	(23,052)	(3,279)
(Increase) Decrease in Cash Surrender Value of Life Insurance	35	(214)
Loss on Disposal of Property and Equipment	114,865	-
(Increase) Decrease in Current Assets--		
Accounts Receivable	(22,763)	(44,970)
Related Party Receivable	200	(200)
Claims Receivable	(92,610)	72,285
Unconditional Promises to Give	(2,413)	2,413
Prepaid Expenses	6,812	987
Increase (Decrease) in Current Liabilities--		
Accounts Payable	(55,418)	28,912
Related Party Payable	473	-
Accrued Expenses	3,827	367
	229,854	520,949
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (Loss) Proceeds from Certificates of Deposit	(12,175)	105,461
Purchases of Property, Plant and Equipment	(531,997)	(166,124)
Beneficial Interest in Assets Held at Pulaski County Community Foundation	(1,612)	(2,293)
Purchases of Investments	(56,429)	(179,821)
Proceeds From Sale of Property and Equipment	76,063	-
Proceeds From Sale of Investments	49,179	174,495
	(476,971)	(68,282)
NET CASH (USED) BY INVESTING ACTIVITIES		
INCREASE (DECREASE) IN CASH	(247,117)	452,667
CASH--Beginning of Year	1,491,549	1,038,882
CASH--End of Year	\$ 1,244,432	\$ 1,491,549

See Notes to Financial Statements.

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Peak Community Services, Inc.'s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

- A) Nature of Operations--Peak Community Services, Inc. (the Organization) was formed in 1955 as a not-for-profit corporation located in Logansport and Winamac, Indiana. The Organization primarily serves individuals in Cass, Pulaski, and surrounding counties by providing individuals with developmental disabilities with instruction in necessary life skills and providing meaningful activity with employment opportunities as well as independent living situations.
- B) 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 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.
- C) Cash and Cash Equivalents--For the purpose of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There are no cash equivalents as of June 30, 2011 and 2010.
- D) Accounts and Claims Receivable--Accounts receivable includes amounts due from consumers along with amounts due from industry contracts with various assembly and packaging customers. Claims receivable consists of Medicaid, Medicaid Waiver, and other government charges. Based on collection history and review of aging reports, amounts have been deemed fully collectible. Accounts and claims receivable are charged directly against income when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- E) Promises to Give--Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.
- F) Property, Plant and Equipment--Property, plant and equipment are recorded at cost. If donated, the cost is the fair market value at the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line method. The following is a summary of the useful lives for each class of asset:

Building and Improvements	40 years
Residential Buildings	40 years
Equipment, Furniture, and Fixtures	5-10 years
Vehicles	5-10 years

Maintenance, repairs, and minor renewals are charged to operations as incurred. Improvements and major renewals are capitalized. Upon the sale or disposition of properties, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale. Any resultant gain or loss is credited or charged to operations. The Organization's policy is to capitalize property, plant and equipment with a value of \$500 or greater and a useful life greater than one year. Depreciation expense was \$207,877 and \$209,243 for the years ended June 30, 2011 and 2010, respectively.

- G) Donated Goods and Services--The Organization records various types of in-kind support including professional services and materials. Property and equipment donated are capitalized on the basis explained above. Contributed professional services are recognized if the services either create or enhance long-lived assets, or require specialized skills and would typically need to be purchased if not provided by the donation. Contributions of supplies and materials of \$9,183 and \$2,565 during the years ended June 30, 2011 and 2010, respectively, were recognized at fair market value when received.

The Organization receives contributions of time from various volunteers, including the Board of Directors. The value of this contributed time is not reflected in these statements.

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H) Net Assets--In accordance with generally accepted accounting principles, the net assets of the Organization are reported in each of the following three classes:

- a) *Unrestricted Net Assets*--Net assets that are not subject to donor-imposed stipulations.
- b) *Temporarily Restricted Net Assets*--Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.
- c) *Permanently Restricted Net Assets*--Net assets subject to donor-imposed restrictions stipulate that the assets be 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.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on 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 as net assets released from restrictions. Restrictions on gifts of fixed assets or contributions restricted for the purchase of fixed assets expire when the asset is placed in service, unless otherwise noted by the donor.

- I) Contributions--The Organization accounts for contributions in accordance with generally accepted accounting principles. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor-imposed restrictions.
- J) Advertising--Advertising costs are expensed as incurred. Total advertising costs were \$21,351 and \$30,874 for the years ended June 30, 2011 and 2010, respectively.
- K) Income Taxes--The Organization is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and state income taxes under the Indiana General Not-for-Profit Act.

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- K) Income Taxes (Continued)--Accounting standards require entities to disclose in their financial statements the nature of any uncertainties in their tax position. Tax years 2007 through 2010 remain open and are subject to examination by tax authorities. Areas that IRS and state tax authorities consider when examining tax returns of a charity include, but may not be limited to, tax-exempt status and the existence and amount of unrelated business income. The Organization does not believe that it has any uncertain tax positions with respect to these or other matters, and therefore has not recorded any unrecognized tax benefits or liabilities. The Organization is not aware of any circumstances or events that make it reasonably possible that tax benefits may increase or decrease within 12 months of the date of these financial statements.
- L) Functional Allocation of Expenses--The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

NOTE 2: CONCENTRATION OF CREDIT RISK

At certain times during the year, the Organization maintained cash deposits with banks which exceeded the \$250,000 amount insured by the Federal Deposit Insurance Corporation (FDIC). The amount of cash over FDIC limit at June 30, 2011 and 2010 was \$343,961 and \$889,079, respectively.

NOTE 3: CASH AND CERTIFICATES OF DEPOSITS

Cash consisted of the following at June 30:

	2011	2010
Petty Cash	\$ 925	\$ 875
Cash on Hand	610	-
Checking	496,982	850,763
Savings	732,435	626,742
Activity Funds	13,480	13,169
TOTAL CASH	\$ 1,244,432	\$ 1,491,549
Certificate of Deposit--Operating	\$ 730,291	\$ 718,776
Certificate of Deposit--Activity Funds	28,097	27,437
TOTAL CERTIFICATES OF DEPOSIT	\$ 758,388	\$ 746,213

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 4: INVESTMENTS

In accordance with generally accepted accounting standards, investments are carried at fair market value. Unrealized gains and losses are included in the change in net assets. Interest and dividends are accrued as earned. Interest is shown net of any investment fees. Investments of the Organization consisted of the following at June 30:

	2011		
	Fair Value	Cost	Unrealized Gain
Mutual Funds	\$ 220,024	\$ 191,903	\$ 28,121
	2010		
	Fair Value	Cost	Unrealized Gain
Mutual Funds	\$ 184,984	\$ 179,821	\$ 5,163

The following schedule summarizes the investment return in the statement of activities for the years ended June 30:

	2011	2010
Interest and Dividends*	\$ 7,251	\$ 5,326
Realized Gain on Investments	4,738	22,392
Unrealized Gain on Investments	23,052	3,279
	\$ 35,041	\$ 30,997

*Investment fees are netted with investment income. Fees for the years ended June 30, 2011 and 2010 were not provided to the Organization.

NOTE 5: BENEFICIAL INTEREST IN ASSETS HELD AT PULASKI COUNTY COMMUNITY FOUNDATION

Amounts reported in the statement of financial position as Interest in Assets Held at Pulaski County Community Foundation (the Foundation) represent net cumulative transfers by the Organization to the Foundation as well as earnings thereon. These amounts totaled \$11,485 and \$9,873 at June 30, 2011 and 2010, respectively. The Foundation holds and invests the funds on behalf of the Organization. The Foundation has variance power over these funds. Funds are distributed to the Organization based on the spending policies of the Foundation.

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 6: CASH VALUE OF LIFE INSURANCE

The Organization is a beneficiary of a \$40,000 life insurance policy conditional upon the death of the insured of the policy. As of June 30, 2011 and 2010, the cash value of the life insurance policy was \$1,442 and \$1,477, respectively.

NOTE 7: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets, included in cash and unconditional promises to give, are available for the following purposes as of June 30:

	<u>2011</u>	<u>2010</u>
Purpose Restrictions--		
Garden Project	\$ -	\$ 118
Memorials	990	610
Self Advocates	2,036	2,023
Time Restriction--		
United Way Funding for Next Fiscal Year	<u>16,888</u>	<u>14,475</u>
	<u>\$ 19,914</u>	<u>\$ 17,226</u>

NOTE 8: 401(K) PROFIT SHARING PLAN

The Organization participates in a 401(k) profit-sharing plan covering all employees meeting certain age and service requirements. Organization matching contributions are discretionary and totaled \$-0- for both years ended June 30, 2011 and 2010. The Organization may also make discretionary profit sharing contributions; however, no profit sharing contributions were made for the years ended June 30, 2011 and 2010.

NOTE 9: LEASES

The Organization leases vehicles and office equipment under non-cancelable operating lease arrangements. All other leases are year-to-year. Lease agreements expire from 2012 through 2014 and call for monthly variable payments ranging from \$65 to \$1,075 during the lease periods.

Lease payments for the years ended June 30, 2011 and 2010 totaled \$68,798 and \$58,592, respectively.

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 9: LEASES (Continued)

The minimum lease payments under these operating leases for the years following June 30, 2011 are as follows:

2012	61,881
2013	46,357
2014	<u>18,618</u>
	<u>\$ 126,856</u>

NOTE 10: FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (FASC) defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASC requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASC also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

There are three general valuation techniques that may be used to measure fair value, as described below:

- A) Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sales transactions, market trades, or other sources.
- B) Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- C) Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (including present value techniques, and option pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 10: FAIR VALUE MEASUREMENTS (Continued)

Assets itemized below were measured at fair value during the year ended June 30, 2011 and 2010. The market approach was used for Level 1 and level 3 inputs.

Fair values of assets measured at June 30, are as follows:

2011	Fair Value	Liabilities Level 1	Inputs Level 2	Inputs Level 3
Financial Assets--				
Mutual Funds	\$ 220,024	\$ 220,024	\$ -	\$ -
Beneficial Interest in Assets Held at Pulaski Community Foundation	<u>11,485</u>	<u>-</u>	<u>-</u>	<u>11,485</u>
Total Assets	<u>\$ 231,509</u>	<u>\$ 220,024</u>	<u>\$ -</u>	<u>\$ 11,485</u>
2010				
Financial Assets--				
Mutual Funds	\$ 184,984	\$ 184,984	\$ -	\$ -
Beneficial Interest in Assets Held at Pulaski Community Foundation	<u>9,873</u>	<u>-</u>	<u>-</u>	<u>9,873</u>
Total Assets	<u>\$ 194,857</u>	<u>\$ 184,984</u>	<u>\$ -</u>	<u>\$ 9,873</u>

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets using level 3 inputs were primarily valued using managements assumptions about the assumptions market participants would utilize in pricing the asset. Valuation techniques utilized to determine fair value are consistently applied.

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 10: FAIR VALUE MEASUREMENTS (Continued)

Financial assets listed under level 3 inputs are reported at fair value on a recurring basis on the statement of financial position as of June 30, 2011. The resulting activity for the year ended June 30, is as follows:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
Beneficial Interest in Assets Held at Pulaski Community Foundation--	2011	2010
Beginning July 1,	\$ 9,873	\$ 7,580
Contributions	210	1,597
Interest and Dividends	327	288
Expenses	(420)	(367)
Total Unrealized/Realized Gains	<u>1,495</u>	<u>775</u>
Ending June 30,	<u>\$ 11,485</u>	<u>\$ 9,873</u>

NOTE 11: RELATED PARTY TRANSACTIONS

The Organization has obtained services from a related party for materials and supplies. These items were purchased from a company affiliated with a board member. During the years ended June 30, 2011 and 2010, the Organization paid the company \$1,864 and \$32, respectively. The Organization owed this company \$273 and \$-0- as of June 30, 2011 and 2010, respectively.

The Organization has an economic interest, but does not have control, in the Peak Community Services Foundation, Inc. Therefore, its operations are not consolidated in the financial statements of the Organizations. The Organization made \$10,000 and \$25 of contributions to the Peak Community Foundation, Inc. during the years ended June 30, 2011 and 2010, respectively. The Organization collected \$12,699 and \$9,698 in services fees from the Peak Community Foundation, Inc. during the years ended June 30, 2011 and 2010, respectively. The Organization is owed \$1,185 and \$954 from Peak Community Services Foundation, Inc. as of June 30, 2011 and 2010, respectively. The Organization owed \$200 and \$-0- to Peak Community Foundation as of June 30, 2011 and 2010, respectively.

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 12: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 29, 2011, the date which the financial statements were available to be issued.