

**VOCATIONAL GUIDANCE SERVICES  
VOCATIONAL SERVICES, INC.  
VGS, INC.**

Combined Financial Statements  
As of December 31, 2000 and 1999

Together with Auditor's Report



**SAMUEL, KELLOGG & CO., INC.**  
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
VOCATIONAL GUIDANCE SERVICES  
VOCATIONAL SERVICES, INC.  
VGS, INC.  
Cleveland, Ohio

We have audited the combined statements of financial position of Vocational Guidance Services, VGS, Inc., and Vocational Services, Inc. (non-profit organizations), as of December 31, 2000, and the related statements of activities, statements of functional expenses, and statement of cash flows for the year 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 audit.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Vocational Guidance Services, VGS, Inc. and Vocational Services, Inc., as of December 31, 2000, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Information for the year ended December 31, 1999, is presented for comparative purposes only and was extracted from the financial statements presented for that year, on which an unqualified opinion dated March 30, 2000, was expressed.

*Samuel, Kellogg & Co., Inc.*

SAMUEL, KELLOGG & CO., INC.  
Cleveland, Ohio

May 21, 2001

VOCATIONAL GUIDANCE SERVICES  
VOCATIONAL SERVICES, INC.  
VGS, INC.  
COMBINED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2000 AND DECEMBER 31, 1999

A S S E T S

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2000</u>	<u>1999</u>
Cash and cash equivalents	\$ 541,722	\$ 1,091,810	\$ -	\$ 1,633,532	\$ 290,015
Accounts Receivable -					
Program Revenue	1,868,511	-	-	1,868,511	1,815,439
Other	559	-	-	559	1,431
Donations	196,513	1,662,883	-	1,859,396	339,289
Less - allowance for bad debts	(23,000)	-	-	(23,000)	(6,241)
Investments (Notes 2, 3 and 4)	2,123,165	1,089,461	7,129,013	10,341,639	10,281,386
Inventories - (Note 1)					
Finished goods	121,876	-	-	121,876	136,441
Work in process	70,068	-	-	70,068	93,417
Raw materials	150,234	-	-	150,234	113,128
Prepaid expenses	68,076	179,932	-	248,008	175,791
Deposits	22,433	-	-	22,433	8,889
	<u>\$ 5,140,157</u>	<u>\$ 4,024,086</u>	<u>\$ 7,129,013</u>	<u>\$ 16,293,256</u>	<u>\$ 13,248,985</u>
Land, buildings and equipment - (Notes 1)					
Land	\$ 255,275	\$ -	\$ -	\$ 255,275	\$ 255,275
Building and improvements	5,090,866	-	-	5,090,866	4,636,731
Equipment	1,172,058	673,371	-	1,845,429	1,633,846
Vehicles	69,690	-	-	69,690	49,245
Less - accumulated depreciation	\$ 6,587,889	\$ 673,371	\$ -	\$ 7,261,260	\$ 6,575,097
	<u>\$ 1,144,161</u>	<u>\$ 437,098</u>	<u>\$ -</u>	<u>\$ 1,581,259</u>	<u>\$ 1,230,598</u>
Total assets	<u>\$ 6,284,318</u>	<u>\$ 4,461,184</u>	<u>\$ 7,129,013</u>	<u>\$ 17,874,515</u>	<u>\$ 14,479,583</u>

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

VOCATIONAL GUIDANCE SERVICES  
 VOCATIONAL SERVICES, INC.  
 VGS, INC.

COMBINED STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2000 AND DECEMBER 31, 1999

	Unrestricted	Temporarily Restricted	Permanently Restricted	2000	1999
<b>LIABILITIES</b>					
Accounts payable	\$ 278,615	-	-	\$ 278,615	\$ 230,948
Line of credit (Note 7)	730,000	-	-	700,000	200,300
Note payable - Bank ( Note 8)	230,000	-	-	280,000	-
Accrued expenses, other liabilities	<u>824,225</u>	-	-	<u>824,225</u>	<u>834,530</u>
Total liabilities	\$ <u>2,032,840</u>	-	-	\$ <u>2,082,840</u>	\$ <u>1,265,478</u>
<b>NET ASSETS (Note 1)</b>					
Unrestricted	\$ 2,078,313	-	-	\$ 2,078,313	\$ 2,030,600
Board of Trustee Designated (Note 3)					
Unrestricted	2,023,165	-	-	2,023,165	2,181,509
Temporarily restricted	-	1,089,461	-	1,089,461	1,126,666
Designated	100,000	-	-	100,000	100,000
Temporarily restricted	-	3,371,723	-	3,371,723	902,119
Permanently restricted (Note 2)	-	-	7,129,013	7,129,013	6,873,241
Total net assets	\$ <u>4,201,478</u>	\$ <u>4,461,184</u>	\$ <u>7,129,013</u>	\$ <u>15,791,675</u>	\$ <u>13,214,105</u>
Total liabilities and net assets	\$ <u>6,234,318</u>	\$ <u>4,461,184</u>	\$ <u>7,129,013</u>	\$ <u>17,874,515</u>	\$ <u>14,479,583</u>

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

VOCATIONAL GUIDANCE SERVICES  
VOCATIONAL SERVICES, INC.  
VGS, INC.

COMBINED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 1999

	Unrestricted	Temporarily Restricted	Permanently Restricted	2000	1999
<b>REVENUE, GAINS, AND OTHER SUPPORT:</b>					
Government program fees	\$ 3,376,465	\$ -	\$ -	\$ 3,376,465	\$ 2,673,524
Allocation United Way Services	435,099	-	-	435,099	442,755
Government agency grants	2,296,898	-	-	2,296,898	1,682,961
Sales to business and industry	8,583,456	-	-	8,583,456	8,174,952
Rental and related agency charges	29,101	-	-	29,101	317,397
General contributions	187,502	-	-	187,502	225,057
Foundation support	369,285	(58,603)	-	310,682	425,038
Donations campus project	84,230	2,507,778	-	2,592,008	202,704
Earnings campus project investments	-	20,429	-	20,429	-
Investment income designated for current operations	501,356	-	-	501,356	451,216
Private service fees	26,812	-	-	26,812	37,845
Special events	115,950	-	-	115,950	91,828
Other revenue	121,840	-	-	121,840	96,937
	<u>\$ 16,127,994</u>	<u>\$ 2,469,604</u>	<u>\$ -</u>	<u>\$ 18,597,598</u>	<u>\$ 14,822,214</u>
<b>EXPENSES:</b>					
Program services					
Vocational rehabilitation	\$ 5,923,249	\$ -	\$ -	\$ 5,923,249	\$ 5,621,081
Sheltered employment	7,752,827	-	-	7,752,827	6,227,948
Neighborhood development	198,740	-	-	198,740	152,132
	<u>\$ 13,874,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,874,816</u>	<u>\$ 12,001,161</u>
Supporting services					
Management and general	\$ 1,699,263	\$ -	\$ -	\$ 1,699,263	\$ 2,109,151
Fund raising and public education	533,712	-	-	533,712	520,060
	<u>\$ 2,232,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,232,975</u>	<u>\$ 2,629,211</u>
	<u>\$ 16,107,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,107,791</u>	<u>\$ 14,630,372</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	\$ 20,203	\$ 2,469,604	\$ -	\$ 2,489,807	\$ 191,842
<b>OTHER CHANGES:</b>					
Investment return in excess of or (less than) amounts designated for current operations	(305,834)	(37,205)	(248,631)	(591,670)	679,534
Recognition of donation made in prior year and for which asset is reflected during current year (Notes 2 and 3)	-	-	-	-	311,783
Requests and additions to endowments	175,000	-	504,433	679,433	169,500
<b>CHANGE IN NET ASSETS</b>	\$ (110,631)	\$ 2,432,399	\$ 255,802	\$ 2,577,570	\$ 1,352,659
<b>NET ASSETS, beginning of year</b>	<u>4,312,109</u>	<u>2,028,785</u>	<u>6,873,211</u>	<u>13,214,105</u>	<u>11,861,446</u>
<b>NET ASSETS, end of year</b>	<u>\$ 4,201,478</u>	<u>\$ 4,461,184</u>	<u>\$ 7,129,013</u>	<u>\$ 15,791,675</u>	<u>\$ 13,214,105</u>

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

VOCATIONAL GUIDANCE SERVICES  
 VOCATIONAL SERVICES, INC.  
 VGS, INC.

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES  
 FOR THE YEARS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 1999

	Program Services			Supporting Services		
	Vocational Rehabilitation	Sheltered Employment	Neighborhood Development	Management and General	Public/ Professional Education and Fund Raising	1999
Salaries and wages to staff	\$ 2,975,224	\$ 781,308	\$ 67,090	\$ 885,777	\$ 228,036	\$ 4,937,435
Wages to client	1,158,210	4,116,656	37,824	21,463	21,112	5,355,265
Employee and client benefits	820,999	703,732	19,673	213,143	49,074	1,806,621
Commissions and consultant fees	83,547	149,899	840	150,608	44,175	429,069
Transportation and travel	46,125	25,529	13,409	5,536	901	91,500
Supplies	203,751	304,188	8,498	36,232	8,120	560,789
Cost of goods sold	-	1,114,326	-	-	-	1,114,326
Utilities, including rent	208,444	167,241	4,150	37,936	5,695	433,366
Telephone, postage and shipping	100,593	58,208	708	31,069	18,481	209,059
Advertising and sales expenses	16,695	6,146	10	12,658	88,831	124,340
Volunteer expenses	-	-	-	-	3,797	3,797
Donations	-	-	-	1,193	-	1,193
Repairs and maintenance	27,551	121,409	9,695	8,915	1,529	169,099
Equipment purchases and maintenance	104,555	59,607	13,720	51,244	9,862	238,988
Bad debts	-	11,893	-	3,908	-	15,801
Interest	-	-	-	45,812	-	45,812
Insurance	7,875	19,478	7,849	22,451	373	58,026
Meetings and conferences	19,879	10,945	785	51,607	41,997	125,213
Other expenses	18,566	9,466	24	22,244	2,260	52,590
	\$ 5,792,044	\$ 7,660,031	\$ 194,275	\$ 1,601,696	\$ 524,243	\$ 15,772,289
Depreciation of buildings and equipment	131,205	92,796	4,465	97,567	9,469	335,502
Total expenses	\$ 5,923,249	\$ 7,752,827	\$ 198,740	\$ 1,699,263	\$ 533,712	\$ 16,107,791
						\$ 14,363,194
						267,178
						\$ 14,630,372

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

VOCATIONAL GUIDANCE SERVICES  
VOCATIONAL SERVICES, INC.  
VGS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,

	<u>2000</u>	<u>1999</u>
<b>OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 2,577,570	\$ 1,352,659
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	335,502	267,178
Recognition of donation made in a prior year and for which the asset is recognized in the current year	-	(311,783)
Investment return in excess (less than) of amounts designated for current operations	591,670	(679,534)
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	(1,555,548)	(94,108)
Decrease (Increase) in inventories	808	(92,961)
(Increase) in prepaid expenses and other assets	(85,761)	(40,962)
Increase (decrease) in accounts payable	47,667	(6,178)
(Decrease) in accrued expenses and other liabilities	<u>(10,305)</u>	<u>(96,134)</u>
Net cash provided by operating activities	\$ <u>1,901,603</u>	\$ <u>298,177</u>
<b>INVESTING ACTIVITIES:</b>		
Purchase of equipment, vehicles and additions to building	\$ (686,163)	\$ (381,634)
(Increase) decrease in investments	<u>(651,923)</u>	<u>397,421</u>
Net cash provided by (used by) investing activities	\$ <u>(1,338,086)</u>	\$ <u>15,787</u>
<b>FINANCING ACTIVITIES:</b>		
Proceeds/repayment from line of credit, net	\$ 500,000	\$ (300,000)
Proceeds from long-term debt	300,000	-
Principal payments on long-term obligations	<u>(20,000)</u>	<u>-</u>
Net cash provided by (used by) financing activities	\$ <u>780,000</u>	\$ <u>(300,000)</u>
Increase (decrease) in cash and cash equivalents	\$ 1,343,517	\$ 13,964
Cash and cash equivalents at beginning of year	<u>290,015</u>	<u>276,051</u>
Cash and cash equivalents at end of year	\$ <u>1,633,532</u>	\$ <u>290,015</u>

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

**VOCATIONAL GUIDANCE SERVICES  
VOCATIONAL SERVICES, INC.  
VGS, INC.**

Notes to the Financial Statements  
December 31, 2000 and 1999

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

a.) Nature of activities -

Vocational Guidance Services, VGS, Inc. and Vocational Services, Inc. are not-for-profit operations which provide vocational evaluation, training, work experience, and placement services for Northeast Ohioans facing barriers to employment. The Organizations are supported by product sales, fees for service, grants from both private Foundations and Governmental Agencies, donor contributions, and the United Way.

b.) Financial statement presentation -

In 1995, the Organizations adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Non-Profit Organizations". Under SFAS No. 117, the Organizations are required to report information regarding its financial position and activities according to three categories of net assets.

A description of these categories is as follows -

**Unrestricted net assets:**

Include the net assets that are free of donor restrictions and are neither permanently restricted nor temporarily restricted.

**Temporarily restricted net assets:**

Include the net assets from contributions or other inflows where the use is limited by donor imposed restrictions that either expire by the passage of time or can be fulfilled and removed by actions of the Organization.

**Permanently restricted net assets:**

Include the net assets from contributions or other inflows where the use is limited by donor imposed restrictions that neither expire by passage of time nor can be fulfilled or removed by actions of the Organization.

Contributions which include donations and Foundation support are reported as increases in unrestricted, temporarily restricted, or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily or permanently restricted net assets are reclassified to unrestricted net assets.

c.) Combined financial presentation -

Due to related organizational goals and objectives, along with the combined operating locations and shared administrative services, it is deemed appropriate to present combined statements for Vocational Guidance Services, VGS, Inc. and Vocational Services, Inc.. All significant interorganizational activity has been eliminated in this presentation.

d.) Land, buildings, and equipment -

Land is carried at cost or at an appraisal of historical cost where records are not available. Buildings and improvements are carried at cost, as determined from memorandum records which approximate actual cost. The cost of the main building at 2233-45 East 55th Street

is based on 1972 replacement cost as determined in connection with an insurance appraisal. Contributed assets are recorded at their fair market value at the date of receipt. Equipment is carried at cost or at appraisals of historical cost.

Maintenance and repairs are charged to income while expenditures for renewals which prolong the life of the assets are capitalized. A provision for depreciation of assets is recorded by a charge against income at rates considered adequate to amortize the cost of such assets over their estimated useful life.

e.) Depreciation -

Property and equipment accounts are depreciated utilizing the straight-line method based on estimated service lives of the property. Major classes of property and equipment, useful lives and accumulated depreciation at December 31, 2000 and 1999 are as follows:

<u>Assets</u>	<u>Estimated Useful Life</u>	<u>Cost</u> <u>2000</u>	<u>Accumulated Depreciation</u> <u>2000</u>	<u>1999</u>
Building and improvements	15 - 45 years	\$ 5,090,866	\$ 4,265,187	\$ 4,215,446
Equipment	3 - 10 years	1,845,429	1,360,458	1,079,808
Vehicles	2 - 3 years	69,690	54,356	49,245
		<u>\$ 7,005,985</u>	<u>\$ 5,680,001</u>	<u>\$ 5,344,499</u>

Depreciation expense for the years ended December 31, 2000 and 1999 totaled \$335,502 and \$267,178, respectively.

f.) Inventory -

Inventory is stated on the first-in, first-out method and is valued at the lower of cost or market. Inventory includes the following classifications at December 31:

	<u>2000</u>	<u>1999</u>
Sewing Shop:		
Finished goods	\$ 35,118	\$ 30,746
Work in process	60,689	83,950
Raw materials	78,819	70,795
Sunbeam Shop:		
Retail inventory	66,942	62,906
Vocational Services, Inc.:		
Finished goods	5,398	8,469
Work in process	5,955	4,844
Raw materials	8,634	9,116
Allowance for obsolesce	(10,000)	(10,000)
Industrial:		
Finished goods	24,418	39,320
Work in process	3,424	4,623
Raw materials	62,781	38,217
	<u>\$ 342,178</u>	<u>\$ 342,986</u>

g.) Income taxes -

Under Internal Revenue Code Section 501(c)(3), both Vocational Guidance Services, VGS, Inc.

and Vocational Services, Inc. qualify as a public charity and, accordingly are exempt from Federal income taxes.

h.) Statement of Cash Flow Disclosures -

The Organizations consider all highly liquid investments with a maturity of three months or less to be cash equivalents. Interest paid for the years ended December 31, 2000 and 1999, totaled \$43,999 and \$21,956, respectively.

i.) Donated Services & Facilities -

Amounts have been included in the financial statements for donated services and/or facilities if the amounts is considered material.

j.) Revenue recognition -

All public support and revenue are considered to be available for unrestricted use unless specifically restricted by the donor. After satisfaction of the donor restriction the revenue is transferred to unrestricted.

k.) Use of 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 of assets and liabilities. Accordingly, actual results could differ from those estimates.

l.) Recognition of Investment Income -

The Organization follows the total return concept with respect to income from its investments. This policy allows the Organization to use earnings of 5% for current operations with the balance of earnings (either realized or unrealized) being retained within the investment.

Investment income has been recognized in the Statement of Activities in accordance with terms of any endowment restrictions.

m.) Donations to be received in future periods -

As of December 31, 2000 and 1999 the Organization has received notification of donations for specific programs from various Foundations and individuals. These assets are shown as temporarily restricted net assets until such time that they are expended for their intended purpose. Of the donations to be received in future periods, these funds should be received as follows:

<u>To be Received</u>	<u>2000</u>	<u>1999</u>
In less than one year	\$ 1,630,094	\$ 233,289
Between one year and five years	224,302	106,000
In more than five years	5,000	-
	<u>\$ 1,859,396</u>	<u>\$ 339,289</u>

n.) Endowment Assets-

The endowment assets are stated at the original amount contributed unless specific requirements were attached to the donation requiring earnings in excess of the total return policy be added to the endowment.

(2) **ENDOWMENT ASSETS:**

Vocational Guidance Services and Vocational Services, Inc. have received certain donor-restricted gifts which have been segregated as permanently restricted endowments. Earnings from these investments are part of the total return policy and are used as stipulated by the donor.

At December 31, 2000 and 1999, the permanently restricted endowment assets consist of the following:

	<u>2000</u>		<u>1999</u>
The GAR Foundation Endowment	\$ 41,194	\$	44,427
The Elisabeth Severance Prentiss Endowment	120,000		120,000
The 1525 Foundation Endowment	300,000		300,000
The F. J. O'Neill Endowment	1,775,000		1,275,000
The Fabyan Job Placement Endowment	404,801		401,526
The McBride Endowment	35,000		35,000
The Mary Ann Swetland Building Fund	866,190		934,174
Irrevocable interest in The Jane Jenkins Trust	1,706,477		1,832,565
Irrevocable interest in The Robert Rhodes Trust	1,245,302		1,304,049
Irrevocable interest in The Ellen Garretson Wade Trust	311,963		314,686
Irrevocable interest in The Helen Bowler Trust	52,357		48,319
Irrevocable interest in The John Huntington Trust	161,265		162,405
Irrevocable interest in The Armington Trust	109,464		101,060
	<u>\$ 7,129,013</u>	\$	<u>6,873,211</u>

During 1999, The Organization has discovered that it has an irrevocable interest in three Trusts which were set up for its benefit. Since these donations were made to the Organization in a prior year, it has been recorded as other changes in net assets.

During 1999, the Board of Trustees agreed to reclassify the Mary Ann Swetland Building Fund from a Board Designated Net Asset to a Permanent Restricted Net Asset based upon the acceptance of a future gift to the Capital Campaign.

(3) **BOARD DESIGNATED ASSETS:**

Vocational Guidance Services and Vocational Services, Inc. have established a securities portfolio under control by the Board of Trustees. These assets consist of the following at December 31, 2000 and 1999:

	<u>2000</u>		<u>1999</u>
Unrestricted	\$ 2,023,165	\$	2,181,509
Temporarily Restricted			
Anonymous Charitable Remainder Trust	966,735		1,006,442
VGS Pooled Income Fund	122,726		120,224
Designated -			
Bruce Griswold Job Placement Fund	50,000		50,000
J. Cunin Job Placement Fund	50,000		50,000
	<u>\$ 3,212,626</u>	\$	<u>3,408,175</u>

The Board has designated control over the use of these funds and allows the use by operations of 5% earnings as recognized under the total return policy. Excess earnings not required to be added to permanently restricted or temporarily restricted net assets are added to these other Board Designated Assets.

(4) **INVESTMENTS:**

At December 31, 2000, the investment securities portfolio, is reported at fair market value.

The Organization follows the total return concept for recognition and use of investment income. This policy allows the use of 5% of the average of the fair value of the investments at the end of the previous 3 years be appropriated to support current operations. Any return in excess of or less than this amount has been recognized as an investment return in excess of or less than the amount designated for current operations. These amounts are shown as other changes on the combined statements of activities.

The investments are classified as follows at December 31, 2000 and 1999:

	<u>2000</u>	<u>1999</u>
Board of Trustee Designated (Note 3) -		
Unrestricted	\$ 2,023,165	\$ 2,181,509
Temporarily restricted	1,089,461	1,126,666
Designated	100,000	100,000
Permanently restricted (Note 2)	<u>7,129,013</u>	<u>6,873,211</u>
	<u>\$ 10,341,639</u>	<u>\$ 10,281,386</u>

The Board of Trustees has adopted the total return concept for recognition and use of investment income. The Board has authorized that 5% of the average of the fair value of the investments at the end of the previous 3 years be appropriated to support current operations. Any return in excess of this amount has been recognized as an investment return in excess of the amount designated for current operations.

At December 31, 2000 and 1999 investments consisted of the following:

	<u>2000</u>	<u>1999</u>
Investments held in NCB trust account -		
Corporate bonds	\$ 902,810	\$ 901,986
Treasuries and federal agencies	502,127	573,877
Other short term funds	212,412	210,764
Common and convertible preferred stock	<u>4,048,001</u>	<u>3,705,009</u>
	<u>\$ 5,665,350</u>	<u>\$ 5,391,636</u>
Interest in investments maintained by third party -		
Irrevocable interest in The Jane Jenkins Trust	1,706,477	1,832,565
Irrevocable interest in a Charitable Remainder Trust	966,735	1,006,442
Irrevocable interest in VGS Pooled Income Fund	122,726	120,224
Irrevocable interest in The Robert Rhodes Trust	1,245,302	1,304,049
Irrevocable interest in The Ellen Garretson Wade Trust	311,963	314,686
Irrevocable interest in The Helen Bowler Trust	52,357	48,319
Irrevocable interest in The John Huntington Trust	161,265	162,405
Irrevocable interest in The Armington Trust	<u>109,464</u>	<u>101,060</u>
Investments available for sale at market value	<u>\$ 10,341,639</u>	<u>\$ 10,281,386</u>

The investment return to the Organization is as follows:

	<u>2000</u>	<u>1999</u>
Realized gains	\$ 5,516	\$ 1,275,551
Unrealized gains (losses) current year	(452,753)	(381,917)
Dividends and investment income net of investment fees	<u>356,923</u>	<u>237,116</u>
	<u>\$ (90,314)</u>	<u>\$ 1,130,750</u>

The dividends and investment income is shown net of investment and trustee fees. The amount of these fees during 2000 and 1999 were \$23,164 and \$21,992, respectively.

(5) **DEFINED BENEFIT PENSION PLAN:**

Vocational Guidance Services has a non-contributory pension plan that covers all staff employees who have attained both two years of service and have reached the age of 21. For employees hired after July 1, 1997, the required level of service is one year. Certain other employees are covered under a hourly pension plan. Pension costs include current service costs, which are accrued and funded on a current basis.

The plan provides a monthly pension equal to 1.5% of the highest three year average monthly compensation multiplied by years and months of participation, plus 0.5% of such compensation in excess of covered compensation multiplied by years and months of participation up to a maximum of 25 years. The pension has invested in a combination of equity securities, Treasury securities, and corporate bonds.

The following table sets forth the plan's funded status and amounts recognized in the Organization's Statement of Activities for the year ended December 31, 2000 and 1999:

	<u>2000</u>	<u>1999</u>
Actuarial present value of benefit obligations:		
Accumulated benefit obligation, included vested benefits of \$2,319,282 in 2000 and \$1,966,459 in 1999	\$ <u>2,391,584</u>	\$ <u>1,988,838</u>
Unrecognized prior service cost	\$ <u>20,393</u>	\$ <u>25,758</u>
Projected benefit obligation for service rendered to date	\$ 3,268,243	\$ 2,696,988
Plan assets at fair value	<u>3,196,736</u>	<u>3,200,714</u>
Projected benefit (obligation) in excess of plan assets	\$ (71,507)	\$ 503,726
Unrecognized net obligation	<u>(63,682)</u>	<u>(667,679)</u>
Prepaid (accrued) pension cost	\$ <u>(135,189)</u>	\$ <u>(163,953)</u>
	<u>2000</u>	<u>1999</u>
Net pension cost includes the following components:		
Service cost - benefits earned during the period	\$ 250,259	\$ 239,055
Interest cost on projected benefit obligation	209,112	200,389
Actual return on plan assets	(12,355)	(297,142)
Net amortization and deferral	<u>(255,780)</u>	<u>70,268</u>
Net periodic pension cost	\$ <u>191,236</u>	\$ <u>212,570</u>
Employer contributions to the plan during the year	\$ <u>220,000</u>	\$ <u>160,000</u>

Benefits paid to Participants

\$ 236,333 \$ 220,488

The weighted-average discount rate, rate of compensation increase, and long-term rate of return of assets used to actuarially compute the net periodic pension cost for 2000 and 1999 are as follows:

	<u>2000</u>	<u>1999</u>
Weighted-average discount rate	7.41%	7.00%
Weighted-average rate of compensation	5.00%	5.00%
Weighted-average expected long-term rate of return of assets	7.50%	7.50%

(6) **DEFINED CONTRIBUTION PENSION PLAN:**

Vocational Guidance Services, VGS, Inc. and Vocational Services, Inc. have a multi-employer contributory pension plan that covers all hourly employees who have attained one year of service. The amount contributed to the plan is 2% of the eligible employees compensation. Total pension expense in 2000 and 1999 for this plan was \$57,504 and \$56,550, respectively.

(7) **SHORT-TERM LINE OF CREDIT:**

Vocational Guidance Services has an available short-term line of credit in the amount of \$1,000,000. The note bears interest at the prime lending rate. The note is secured by marketable securities held in the NCB trust department. At December 31, 2000 the outstanding balance was \$700,000 with an interest rate of 8.50%.

(8) **NOTE PAYABLE - BANK:**

Vocational Guidance Services borrowed \$300,000 during August, 2000. The loan is payable in 60 monthly installments of \$5,000 plus accrued interest. The loans bears interest at the one month LIBOR rate plus 1.50%. The rate at December 31, 2000 was 8.3037%.

The aggregate maturities of outstanding long-term debt during the next five years are as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2001	\$ 60,000
2002	60,000
2003	60,000
2004	60,000
2005	40,000
	<u>\$ 280,000</u>

(9) **CONCENTRATIONS OF CREDIT RISK:**

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of temporary cash investments and trade accounts receivable. The Agency maintains its cash with financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Agency's credit base. The Agency performs ongoing credit evaluations of its customer's financial condition. As of December 31, 2000, the Agency had no significant concentrations of credit risk.