

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS'  
REPORT

RODEHEAVER BOYS' RANCH, INC.

DECEMBER 31, 2010

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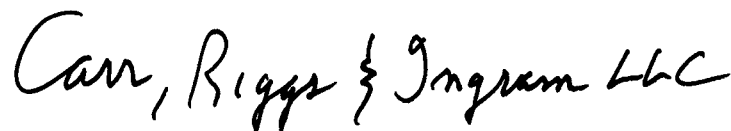
## Independent Auditors' Report

Board of Directors  
Rodeheaver Boys' Ranch, Inc.  
Palatka, Florida

We have audited the accompanying statement of financial position of Rodeheaver Boys' Ranch, Inc. (the "Ranch") as of December 31, 2010, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Ranch's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 the Ranch as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



July 12, 2011  
Palatka, Florida

**Statement of Financial Position**  
**December 31, 2010**  
**Rodeheaver Boys' Ranch, Inc.**

ASSETS

<u>CURRENT ASSETS</u>	
Cash	\$ 54,060
Investment in Equity Securities	45,226
Inventories	22,786
TOTAL CURRENT ASSETS	122,072
 <u>PROPERTY AND EQUIPMENT</u>	
Land	395,000
Buildings and Improvements	3,991,738
Automotive	304,404
Furniture, Fixtures and Equipment	628,707
Less: Accumulated Depreciation	(2,444,076)
TOTAL PROPERTY AND EQUIPMENT	2,875,773
 <u>OTHER ASSETS</u>	
Restricted Cash	15,688
Note Receivable	3,905
Investments in Real Estate	25,511
Investment in Limited Partnership	19,009
Beneficial Interest in Trust	310,070
Qualified Interest in Foundation (See Note 1)	1,738,067
TOTAL OTHER ASSETS	2,112,250
TOTAL ASSETS	\$ 5,110,095

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 40,368
Boys' Deposits	15,688
Current Portion of Long-Term Debt	29,444
TOTAL CURRENT LIABILITIES	85,500
 <u>LONG-TERM LIABILITIES</u>	
Long-Term Debt	199,792
TOTAL LIABILITIES	285,292
 <u>NET ASSETS</u>	
Unrestricted	2,774,379
Temporarily Restricted	1,715,354
Permanently Restricted	335,070
TOTAL NET ASSETS	4,824,803
TOTAL LIABILITIES AND NET ASSETS	\$ 5,110,095

See accompanying notes.

**Statement of Activities**  
**For the Year Ended December 31, 2010**  
**Rodeheaver Boys' Ranch, Inc.**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
<b><u>SUPPORT AND REVENUE</u></b>				
Contributions:				
Vehicle Improvement Program	\$ 372,290	\$ -	\$ -	\$ 372,290
Other Cash Contributions	1,114,357	2,710	-	1,117,067
In-Kind	134,195	-	-	134,195
Boys' Support	80,315	-	-	80,315
Agricultural Programs	57,729	-	-	57,729
Sales and Special Events	141,492	-	-	141,492
Miscellaneous	39,209	-	-	39,209
Investment Income on Perpetual Trust	7,949	-	-	7,949
Interest Income	338	-	-	338
Net Assets Released from Restrictions:				
Satisfaction of Purpose Restrictions	137,440	(137,440)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>2,085,314</u>	<u>(134,730)</u>	<u>-</u>	<u>1,950,584</u>
<b><u>EXPENSES</u></b>				
Program Services:				
Boys' Care	1,121,735	-	-	1,121,735
Vehicle Improvement Program	258,725	-	-	258,725
Agricultural Programs	66,858	-	-	66,858
Support Services:				
General and Administrative	160,310	-	-	160,310
Cost of Sales and Special Events	60,425	-	-	60,425
Fundraising	184,275	-	-	184,275
<b>TOTAL EXPENSES</b>	<u>1,852,328</u>	<u>-</u>	<u>-</u>	<u>1,852,328</u>
<b>EXCESS OF SUPPORT AND REVENUE OVER (UNDER) EXPENSES</b>	<u>232,986</u>	<u>(134,730)</u>	<u>-</u>	<u>98,256</u>
<b><u>GAINS AND LOSSES</u></b>				
Gain on Sale of Assets	4,855	-	-	4,855
Gain on Investments	9,501	-	-	9,501
Gain on Beneficial Interest in Trust	-	-	20,662	20,662
Decrease in Qualified Interest in Foundation	-	(178,701)	-	(178,701)
<b>NET GAINS AND LOSSES</b>	<u>14,356</u>	<u>(178,701)</u>	<u>20,662</u>	<u>(143,683)</u>
<b>CHANGE IN NET ASSETS</b>	247,342	(313,431)	20,662	(45,427)
<b>NET ASSETS, January 1, 2010, as restated</b>	<u>2,527,037</u>	<u>2,028,785</u>	<u>314,408</u>	<u>4,870,230</u>
<b>NET ASSETS, December 31, 2010</b>	<u>\$ 2,774,379</u>	<u>\$ 1,715,354</u>	<u>\$ 335,070</u>	<u>\$ 4,824,803</u>

See accompanying notes.

**Statement of Cash Flows**  
**For the Year Ended December 31, 2010**  
**Rodeheaver Boys' Ranch, Inc.**

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Change in Net Assets	\$ (45,427)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	199,379
Gain on Sale of Assets	(4,855)
Contributed Fixed Assets	(15,000)
Noncash Donation from Foundation	(192,300)
Gain on Investments	(9,501)
Gain on Beneficial Interest in Trust	(20,662)
Change in Qualified Interest in Foundation	178,701
Change In:	
Inventory	37,625
Note Receivable	1,682
Accounts Payable	(18,989)
Boys' Deposits	(7,274)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>103,379</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchase of Capital Assets	(234,978)
Proceeds from Sale of Assets	4,900
NET CASH USED BY INVESTING ACTIVITIES	<u>(230,078)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Payments on Long-Term Debt	(29,160)
Proceeds from Long-Term Debt	50,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>20,840</u>
NET DECREASE IN CASH	(105,859)
CASH, Beginning of Year	<u>175,607</u>
CASH, End of Year	<u><u>\$ 69,748</u></u>
Supplemental Disclosures of Cash Flow Information:	
Interest Paid	<u><u>\$ 12,248</u></u>
Noncash Investing Activities:	
Contributed Fixed Assets	<u><u>\$ 15,000</u></u>
Forgiveness of Advance from Foundation	<u><u>\$ 192,300</u></u>

See accompanying notes.

**Statement of Functional Expenses  
For the Year Ended December 31, 2010  
Rodeheaver Boys' Ranch, Inc.**

	PROGRAM SERVICES				SUPPORT SERVICES			
	BOYS' CARE	VEHICLE IMPROVE- MENT PROGRAM	AGRICULTURE	TOTAL PROGRAM SERVICES	GENERAL AND ADMIN- ISTRATIVE	COST OF SALES AND SPECIAL EVENTS	FUND RAISING	TOTAL EXPENSES
Payroll and Personnel	\$ 570,930	\$ 83,339	\$ -	\$ 654,269	\$ 92,495	\$ -	\$ 67,378	\$ 814,142
Depreciation	102,132	8,182	22,582	132,896	7,734	-	58,749	199,379
Event Expenses:								
Bluegrass Festival	-	-	-	-	-	31,654	-	31,654
Tournaments & Special Events	-	-	-	-	-	3,260	-	3,260
Cost of Sales	-	11,511	22,544	34,055	-	25,511	-	59,566
Food and Sustenance	120,000	-	-	120,000	-	-	-	120,000
Repairs and Maintenance	47,449	1,421	-	48,870	-	-	-	48,870
Utilities	89,685	2,619	-	92,304	-	-	-	92,304
Interest Expense	2,231	727	-	2,958	9,262	-	27	12,247
Vehicle Operation	44,923	84,542	19,911	149,376	-	-	-	149,376
Insurance	58,061	2,016	1,072	61,149	3,215	-	-	64,364
Legal and Professional	-	-	-	-	12,900	-	4,017	16,917
Miscellaneous	12,296	4,314	664	17,274	3,827	-	1,113	22,214
Advertising	-	43,423	-	43,423	-	-	18,377	61,800
Telephone	6,556	3,430	-	9,986	10,011	-	599	20,596
Printing and Postage	-	1,666	-	1,666	1,402	-	13,525	16,593
Supplies	9,139	1,292	-	10,431	4,495	-	2,899	17,825
Boys' Activities/Gifts	36,835	-	-	36,835	-	-	-	36,835
Rent	-	3,439	-	3,439	3,622	-	12,000	19,061
Travel and Meetings	872	6,804	85	7,761	2,700	-	4,406	14,867
Clothing	609	-	-	609	-	-	-	609
Medical Expenses	19,529	-	-	19,529	-	-	-	19,529
School Expenses	488	-	-	488	-	-	-	488
Fees, Dues, Licenses	-	-	-	-	8,034	-	1,185	9,219
Property Taxes	-	-	-	-	613	-	-	613
<b>TOTALS</b>	<b>\$ 1,121,735</b>	<b>\$ 258,725</b>	<b>\$ 66,858</b>	<b>\$ 1,447,318</b>	<b>\$ 160,310</b>	<b>\$ 60,425</b>	<b>\$ 184,275</b>	<b>\$ 1,852,328</b>

See accompanying notes.

**Notes to Financial Statements**  
**December 31, 2010**  
**Rodeheaver Boys' Ranch, Inc.**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Entity

Rodeheaver Boys' Ranch, Inc. (the "Ranch") is a nonprofit organization under the Florida Not-For-Profit Corporation Act, located in southern Putnam County, Florida. The Ranch is exempt from income taxes according to provisions of Section 501(c)(3) of the Internal Revenue Code.

The Ranch is a private, voluntary health and welfare organization providing residential group care to dependent and neglected boys. The primary function of the Ranch is to provide practical education and a healthy farm environment for the boys.

The Rodeheaver Foundation, Inc.

The Rodeheaver Foundation, Inc. (the "Foundation") was created in December 1995. The Articles of Incorporation of the Foundation state that the specific purpose for which the Foundation is formed is to obtain through any and all means permitted by law, monies, intangible property, tangible property and real property and, from time to time as may be necessary in the sole discretion of the Trustees, to use the same for the care, support, maintenance and education of the boys at Rodeheaver Boys' Ranch, Inc. located in Palatka, Florida, a non-profit corporation which provides a home for needy boys, and to contribute to the operating and capital expense budget of Rodeheaver Boys' Ranch, Inc. However, the Foundation is a legally separate entity managed and governed by a separate Board of Directors. As such, the Ranch has no ability to influence the actions of the Foundation.

The Ranch and the Foundation do not meet the criteria for consolidation under generally accepted accounting principles. Therefore, the accompanying financial statements are solely those of the Ranch and are not intended to present the financial position, change in net assets, or cash flows of the Foundation.

The Ranch and the Foundation are financially interrelated organizations. Accordingly, in the accompanying financial statements, the Ranch has recognized its interest in the net assets of the Foundation and has adjusted that interest for its share of the change in net assets of the Foundation. Distribution for the purposes set forth above are subject to the sole discretion of the Trustees of the Foundation, as described in paragraph three above.

The Rodeheaver-Westbury Trust for Boys

The Rodeheaver-Westbury Trust for Boys was created by the donors of the property occupied by the Ranch to receive the property if and when it is not used for the purpose of a ranch for boys for a period of five years. The original deeds specified that the property would revert to the grantors or their successors under the above conditions. The trust has no other assets and is inactive.

Basis of Accounting

The financial statements of the Ranch have been prepared on the accrual basis of accounting.

**Notes to Financial Statements**  
**December 31, 2010**  
**Rodeheaver Boys' Ranch, Inc.**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Accounting for Net Assets

The Ranch's net assets, the excess of assets over liabilities, are reported in three mutually exclusive classes:

*Permanently Restricted* – Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Ranch.

*Temporarily Restricted* – Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions which expire by passage of time or are fulfilled by actions of the Ranch.

*Unrestricted* – Those net assets that are not temporarily or permanently restricted.

The Ranch reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. However, donor-restricted contributions whose restrictions are met within the same fiscal year are reported as unrestricted support. When a donor 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".

Cash

Cash consists of an operating account, four checking accounts for designated funds, a petty cash account, as well as a restricted cash account for amounts held on behalf of residents. At December 31, 2010, all of the Ranch's deposits were insured by the FDIC.

Investments

Investments in equity securities, limited partnerships and the beneficial interest in trust are reported at fair value. Investments in real estate are recorded at cost or estimated fair value when a donation is received.

Inventories

Inventories are stated at the lower of cost ("FIFO") or market. Contributed inventories are recorded at estimated fair value when received.

Property and Equipment

Property and equipment are stated at cost for purchased items and at estimated fair value on the day received for donated items. Depreciation is computed using the straight line and declining balance methods over lives ranging from 5 to 33 years.

The Ranch reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.



**Notes to Financial Statements**  
**December 31, 2010**  
**Rodeheaver Boys' Ranch, Inc.**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Ranch reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed Services

The Ranch recognizes contributed services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Ranch recognized approximately \$18,000 of contributed dental services for the year ended December 31, 2010.

Expense Allocation

The costs of providing the programs and activities of the Ranch have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expense Classifications

- ◆ "Boys' Care" includes expenses related to the care of the children living on the Ranch.
- ◆ The "Vehicle Improvement Program" is a vocational-technical aspect of the boys' program. The Program solicits the donation of used automobiles. These automobiles are picked up, some repairs are made, and cars are auctioned several times each year. The profits from this auction go directly to support the boys' programs.
- ◆ "Agricultural Programs" includes expenses for farm operations.
- ◆ "General and Administrative" includes expenses required to conduct the affairs of the Ranch, which are not allocable to other functional areas.
- ◆ "Cost of Sales and Special Events" includes the cost of items sold by the Ranch and the costs of special events.
- ◆ "Fundraising" includes the costs of all fundraising activities.

Uncertain Tax Positions

The Ranch follows the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. As of December 31, 2010, the Ranch has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Ranch is no longer subject to examination by the IRS for tax years before 2007.

**Notes to Financial Statements**  
**December 31, 2010**  
**Rodeheaver Boys' Ranch, Inc.**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Ranch to make estimates and assumptions that affect the reported amounts. Actual results could vary from the estimates that were used.

Subsequent Events

In preparing these financial statements, the Ranch has evaluated events and transactions for potential recognition or disclosure through July 12, 2011, the date the financial statements were available to be issued.

**NOTE 2 – INVENTORIES**

Inventories consist of the following:

Automobiles – Donated for Resale	\$ 14,586
Animals – Farm Livestock	<u>8,200</u>
Total	<u>\$ 22,786</u>

**NOTE 3 – INVESTMENTS**

Real Estate

Real Estate investments consist of various donated parcels of land. The Ranch owns two parcels in Putnam County, one in Volusia County, two in Marion County and one parcel in Flagler County.

Limited Partnership

During 2010, the Ranch owned approximately .60% of the ML Spalding Limited Partnership.

Beneficial Interest in Trust

This investment consists of a perpetual trust held on behalf of the Ranch by Harris Trust and Savings Bank. Under the terms of the trust, the Ranch has the irrevocable right to receive the income on the trust assets in perpetuity. Distributions are paid in quarterly installments.

**Notes to Financial Statements**  
**December 31, 2010**  
**Rodeheaver Boys' Ranch, Inc.**

**NOTE 4 – FAIR VALUE MEASUREMENTS**

The Ranch follows the provisions of FASB ASC 820 regarding *Fair Value Measurements*. Using those provisions, the Ranch has characterized its investments based on the priority of the inputs used to value the investments into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the investments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the investment.

Investments recorded in the statement of financial position are categorized based on the valuation techniques as follows:

*Level 1.* These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Ranch has the ability to access. These investments are exchange-traded investments in equity securities.

*Level 2.* These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments. The Ranch has no Level 2 inputs.

*Level 3.* These are investments where values are based on process or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments.

The Ranch measures fair value on a recurring basis for certain assets. The following tabulation summarizes such measurements.

Fair Value Measurements at Reporting Date Using:

<u>Description</u>	<u>12/31/2010</u>	Quoted Prices in	Significant Other	Significant
		Active Markets for Identical Assets	Observable Inputs	Unobservable Inputs
		Level 1	Level 2	Level 3
Equity Securities	\$ 45,226	\$ 45,226	\$ -	\$ -
Beneficial Interest in Trust	310,070	310,070	-	-
Limited Partnership	19,009	-	-	19,009
<b>Total</b>	<b>\$ 374,305</b>	<b>\$ 355,296</b>	<b>\$ -</b>	<b>\$ 19,009</b>

**Notes to Financial Statements**  
**December 31, 2010**  
**Rodeheaver Boys' Ranch, Inc.**

**NOTE 5 – QUALIFIED INTEREST IN FOUNDATION**

The Foundation and the Ranch are considered financially interrelated as defined by the Financial Accounting Standards Board. Therefore, the Ranch has recorded the net assets of the Foundation as an interest in the Foundation. These amounts are reflected in Net Assets of the Ranch as follows:

Temporarily Restricted	\$ 1,713,067
Permanently Restricted	<u>25,000</u>
Total	<u>\$ 1,738,067</u>

**NOTE 6 – LONG-TERM DEBT**

Long-term debt consists of the following:

6.0% variable interest note payable to Putnam State Bank, payable in monthly installments of \$1,602, including interest, due in full February 13, 2013.	\$134,835
6.0% variable interest line of credit with Putnam State Bank, payable in monthly installments of accrued interest calculated on the amount of credit outstanding.	50,000
8.0% note payable to Putnam State Bank, payable in monthly installments of \$365, including interest, secured by a 2004 Nissan truck.	2,018
8.25% note payable to Putnam State Bank, payable in monthly installments of \$642, including interest, secured by a 2007 GMC passenger van.	5,979
4.9% note payable to Capital City Bank, payable in monthly installments of \$358, including interest, secured by a 2008 Ford truck.	13,122
4.9% note payable to Capital City Bank, payable in monthly installments of \$362, including interest, secured by a 2008 Chevy Express van.	13,271
7.5% note payable to Putnam State Bank, payable in monthly installments of \$262, including interest, secured by a 1985 Belm mobile home.	<u>10,011</u>
Total Principal	229,236
Less, Current Portion	<u>(29,444)</u>
Long-Term Debt	<u>\$199,792</u>

**Notes to Financial Statements**  
**December 31, 2010**  
**Rodeheaver Boys' Ranch, Inc.**

**NOTE 6 – LONG-TERM DEBT**

Future debt service as of December 31, 2010 is summarized in the following tabulation:

<u>Year Ending</u>	<u>Ending December 31,</u>	
2011		\$ 35,276
2012		85,614
2013		124,133
2014		4,751
Total		<u>249,774</u>
Less Interest		<u>(20,538)</u>
Total Principal		<u><u>\$ 229,236</u></u>

**NOTE 7— NET ASSET RESTRICTIONS**

Permanently restricted net assets consist of the following:

A perpetual trust held on behalf of the Ranch by Harris Trust and Savings Bank. Under the terms of the trust, the Ranch has the irrevocable right to receive the income on the trust assets in perpetuity. Distributions are paid in quarterly installments.	\$ 310,070
Qualified Interest in Foundation related to permanently restricted net assets of the Foundation.	<u>25,000</u>
Totals	<u><u>\$ 335,070</u></u>

Temporarily restricted net assets consist of the following:

Temporarily restricted net assets consist primarily of contributions restricted for the purchase of or improvement to the Ranch's physical plant.	\$ 2,287
Qualified interest in Foundation related to temporarily restricted and unrestricted net assets of the Foundation.	<u>1,713,067</u>
Totals	<u><u>\$1,715,354</u></u>

**Notes to Financial Statements**  
**December 31, 2010**  
**Rodeheaver Boys' Ranch, Inc.**

**NOTE 8 – RELATED PARTY TRANSACTIONS**

The Ranch has deposits with and has received loans from a financial institution whose board of directors includes one of the Ranch's officers. Deposits held with this financial institution totaled approximately \$103,500 at December 31, 2010. Debt payable to this financial institution totaled approximately \$202,800 at December 31, 2010.

**NOTE 9 – LETTER-OF-CREDIT**

The Ranch has a \$25,000 letter-of-credit with Putnam State Bank. The credit line is unsecured. There were no amounts outstanding at December 31, 2010.

**NOTE 10 – SALES AND SPECIAL EVENTS**

Sales and special events revenues and costs of sales consist of the following for 2010:

	<u>Bluegrass Festival</u>	<u>Special Events</u>	<u>Merchandise Sales</u>	<u>Food and Concession Sales</u>	<u>Total</u>
Sales and Ticket Revenues	\$ 77,890	\$ 8,265	\$33,604	\$ 21,733	\$ 141,492
Less: Direct Expenses	<u>(31,654)</u>	<u>(3,260)</u>	<u>(11,145)</u>	<u>(14,366)</u>	<u>(60,425)</u>
Net Income	<u>\$ 46,236</u>	<u>\$ 5,005</u>	<u>\$22,459</u>	<u>\$ 7,367</u>	<u>\$ 81,067</u>

Bluegrass Festival expenses include advertisements, electricity for the park, permit fees, and portable toilets to host a Bluegrass music festival.

Special Events include expenses to host an annual open house. This includes advertisements, food, and awards.

Merchandise Sales include costs of selling jellies, honey, t-shirts, bricks, crafts, and cookbooks.

Food and Concession sales include the cost of purchasing and cooking food to sell at events such as the Bluegrass Festival and the Open House.

**Notes to Financial Statements  
December 31, 2010  
Rodeheaver Boys' Ranch, Inc.**

**NOTE 11 - NET ASSET RESTATEMENT**

Net Assets were restated to reflect the corrected prior year value of the Qualified Interest in Foundation.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning net assets, as previously reported	\$2,527,037	\$2,082,785	\$ 314,408	\$4,924,230
Adjustment to correct the Qualified Interest in Foundation	<u>-</u>	<u>(54,000)</u>	<u>-</u>	<u>(54,000)</u>
Beginning net assets, as restated	<u>\$2,527,037</u>	<u>\$2,028,785</u>	<u>\$ 314,408</u>	<u>\$4,870,230</u>

**NOTE 12 - SUBSEQUENT EVENTS**

Subsequent to year-end, the Ranch received two bequests from an estate. The first bequest for \$200,000 is restricted to payment of existing debt. An additional \$100,000 is restricted for future capital improvements and/or special projects.