

MOSSES ADAMS

FIRST PLACE

**Independent Auditor's Report and
Consolidated Financial Statements**

August 31, 2009 and 2008

INDEPENDENT AUDITOR'S REPORT

To the Finance Committee and Board of Directors
First Place

We have audited the accompanying consolidated balance sheet of First Place as of August 31, 2009 and 2008, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of First Place's management. Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated 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 our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of First Place as of August 31, 2009 and 2008, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Seattle, Washington
January 18, 2010

**FIRST PLACE
CONSOLIDATED BALANCE SHEET
AUGUST 31, 2009 AND 2008**

ASSETS		
	2009	2008
CURRENT ASSETS		
Cash and cash equivalents	\$ 389,516	\$ 426,031
Short-term investments	-	202,028
Contributions receivable, net	218,242	422,831
Prepaid expenses	9,416	13,154
Total current assets	617,174	1,064,044
 LONG-TERM PORTION OF CONTRIBUTIONS RECEIVABLE, net		
	17,742	150,374
 ENDOWMENT RECEIVABLE		
	-	2,000,000
 INVESTMENTS IN ENDOWMENT		
	3,250,817	1,089,819
 PROPERTY AND EQUIPMENT, net		
	4,000,990	4,007,413
	\$ 7,886,723	\$ 8,311,650
 LIABILITIES AND NET ASSETS		
 CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 30,124	\$ 33,782
Line of credit	150,000	-
Total current liabilities	180,124	33,782
 NET ASSETS		
Unrestricted	4,236,054	4,771,810
Temporarily restricted	388,150	423,663
Permanently restricted	3,082,395	3,082,395
	7,706,599	8,277,868
	\$ 7,886,723	\$ 8,311,650

FIRST PLACE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEARS ENDED AUGUST 31, 2009 AND 2008

	2009	2008
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues, gains, and other support		
Contributions	\$ 733,935	\$ 609,972
Foundation and corporate grants	584,859	622,643
Miscellaneous income	22,117	47,402
Government grants	420,990	316,597
In-kind	137,122	170,477
Gain on sale of property	-	579,244
Investment return	48,968	13,879
	1,947,991	2,360,214
Net assets released from restrictions	203,498	208,634
Total unrestricted revenues, gains, and other support	2,151,489	2,568,848
 Expenses		
Program		
Education	1,136,549	1,262,695
Early learning	233,850	-
Family stabilization	191,815	198,616
Family support services	338,518	350,995
Family success center	-	88,004
Extended day	137,780	28,462
	2,038,512	1,928,772
Supporting services		
Fund raising	369,170	337,689
Administration	279,563	202,920
	648,733	540,609
Total expenses	2,687,245	2,469,381
Change in unrestricted net assets	(535,756)	99,467
 CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Foundation, corporate grants and other contributions	6,168	410,595
Investment income	161,817	3,355
Net assets released from restrictions - capital campaign	-	(3,221)
Net assets released from restrictions - time restriction	(91,248)	(30,856)
Net assets released from restrictions - other programs	(112,250)	(174,557)
Change in temporarily restricted net assets	(35,513)	205,316
 CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions for endowment	-	3,000,000
CHANGE IN NET ASSETS	(571,269)	3,304,783
 NET ASSETS		
Beginning of year	8,277,868	4,973,085
End of year	\$ 7,706,599	\$ 8,277,868

See accompanying notes.

FIRST PLACE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED AUGUST 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (571,269)	\$ 3,304,783
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	138,771	123,043
Net return on investments	(197,726)	(2,952)
Gain on disposal of property	-	(579,244)
Contributions restricted for endowment	-	(3,000,000)
Changes in assets and liabilities		
Contributions receivable	337,221	(44,146)
Prepaid expenses	3,738	(953)
Accounts payable and accrued expenses	(3,658)	31,536
Net cash from operating activities	(292,923)	(167,933)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(132,348)	(364,285)
Proceeds from disposal of property	-	1,226,389
Purchases of investments	-	(849,813)
Purchase of investments restricted for endowment	(2,000,000)	(1,003,983)
Proceeds from sale of investments	238,756	652,985
Net cash from investing activities	(1,893,592)	(338,707)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for endowment	2,000,000	1,000,000
Borrowings from line of credit	209,000	136,050
Payments on line of credit	(59,000)	(301,495)
Net cash from financing activities	2,150,000	834,555
 CHANGE IN CASH AND CASH EQUIVALENTS	(36,515)	327,915
 CASH AND CASH EQUIVALENTS		
Beginning of year	426,031	98,116
End of year	\$ 389,516	\$ 426,031
 SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES		
Donation of equity securities	\$ 1,251	\$ 14,445

See accompanying notes.

Note 1 - Organization and Summary of Significant Accounting Policies

Organization - First Place provides education and family support services to children and their families who face the risk or reality of family crises. Families can be in crisis for various reasons, including homelessness, domestic abuse, sudden economic hardship, and so forth. Services include a kindergarten through sixth grade school, designed to ensure that students maintain stability and progress in their education during a temporary but often traumatic period of family crisis. Additional supportive, therapeutic and referral services facilitate family stability, and ultimately the students' re-entry into an appropriate educational setting after the family has stabilized.

The vision of First Place is to provide hope, home, and education to every child, one family at a time.

Since the founding of First Place in 1989, many thousands of clients have been served through education and family support programs. Program services reach families with children who qualify for placement in First Place's education program due to circumstances of crisis. Depending on the circumstances specific to each family, it can take anywhere from a few months to more than a year to stabilize from a crisis and for children to transition into the public school system.

First Place also operates the Family Unification Program, an outreach program to provide housing, intervention and re-unification of formerly incarcerated parents with their children.

First Place has now completed its seventh academic year since undertaking an ambitious capital campaign in which a new building was purchased and renovated. This space has a capacity of 66 students in the educational program, maintaining no more than a 7:1 student to staff ratio. Given the students' transitional nature, First Place is able to serve between 90 and 120 students per year.

A professional staff of six accredited educators, a psychologist, five case managers/counselors, two educational therapists, a school nurse, and a special education professional are on site to work with children and families. The Executive Director has experience as a public school teacher and 34 years of varied not-for-profit management experience. She provides overall leadership to the agency, and direct supervision of all program, administrative, and fund development directors.

First Place provides the following direct program services:

- Education in a student-focused classroom setting for children grades K-6, including assessment and evaluation.
- Family support services that include counseling and case management to empower children and families to achieve stability.

FIRST PLACE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

- Direct transitional housing assistance through the Family Stabilization Program in partnership with the Seattle Housing Authority.
- Proactive outreach to re-unite families through the Family Reunification Program.
- Extended Day includes basic services such as food, clothing, transportation, and health/mental health screening and referrals.
- Services to facilitate students' placement and transition into the most appropriate classroom setting.

On October 14, 2005, First Place created First Place Endowment Trust Fund to encourage gifts of endowment funds. It is a separate tax-exempt entity with the Board of Trustees appointed by First Place Board of Directors. There were \$3,250,817 and \$1,089,819 in cash and investments in endowment held by this entity as of August 31, 2009 and 2008, respectively.

Principles of Consolidation - All board members of First Place Endowment Trust Fund are selected by the board of First Place. Accordingly, the results of First Place and First Place Endowment Trust Fund have been consolidated for the years ended August 31, 2009 and 2008. For the purposes of these financial statements, the term "First Place" is used to describe the consolidated results of First Place and First Place Endowment Trust Fund. All intercompany transactions and accounts have been eliminated.

Basis of Presentation - The financial position and activities of First Place are reported according to the following three classes of net assets, based on the existence and nature of donor-imposed restrictions:

Unrestricted - Support received without donor restrictions is considered unrestricted. Investment income and gains and losses on investments are recorded as increases or decreases in unrestricted net assets, unless a donor restricts their use.

Temporarily Restricted - Support received subject to a donor-imposed time restriction or stipulation for a particular purpose is considered temporarily restricted. When donor restrictions are satisfied or expire, temporarily restricted net assets are reclassified to unrestricted net assets. Temporarily restricted support received during the year for which the restriction expires or the purpose is accomplished during the year, is treated as unrestricted support.

Permanently Restricted - Support received in the form of an endowment or sustaining funds are considered permanently restricted.

FIRST PLACE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents - First Place considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents received with donor-imposed restrictions are not considered cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Investments - Investments in debt and equity securities are carried at fair value based on quoted market prices. Realized and unrealized gains and losses on investments are included in investment return in the statement of activities.

Contributions Receivable - Contributions receivable consist primarily of unconditional promises to give. Unconditional promises to give are recognized as revenues and support in the period received. Depending on the form of the benefit received, such promises are recorded as assets or decreases of liabilities or expenses. Contributions receivable are primarily from individuals and businesses located in the greater Seattle area. Collateral is generally not required on these assets. First Place has not experienced a history of significant credit-related losses from uncollectible contributions receivable. First Place records an estimated allowance for uncollectible contributions receivable based on its assessment of uncollectible pledges.

Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contributions revenue.

Property and Equipment - Property and equipment is recorded at cost at the date of purchase or fair value at the date of contribution. First Place capitalizes assets with a useful life greater than one year and an acquisition cost greater than \$1,000. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets between 3 and 40 years.

Contributions - Donor-restricted contributions are recognized in the period the contribution is received or pledged. Unconditional promises to give are recorded in the period the promise is received. Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Services - First Place recognizes donated services if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. First Place also receives donated services from a variety of unpaid volunteers assisting in the various educational and social service programs; however, no amounts have been recognized in the accompanying statement of activities since the criteria for recognition of such volunteer efforts have not been satisfied.

FIRST PLACE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Directly identifiable expenses are charged to programs and supporting services. Payroll, employee benefits, depreciation, and utilities related to more than one function are charged to programs and supporting services based on allocation percentages outlined in employee contracts and on estimated square footage usage of assets. Administration expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of First Place.

Income Taxes - First Place and First Place Endowment Trust Fund are nonprofit organizations as defined in Section 501(c)(3) of the Internal Revenue Code, and accordingly are generally exempt from federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code.

Pursuant to Financial Accounting Standards Board (FASB) Staff Position (FSP) FASB Interpretation No. 48-3, management has elected to defer the application of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, to fiscal years beginning after December 15, 2008. For the August 31, 2009 financial statements, First Place evaluates uncertain tax positions in accordance with Statements of Financial Accounting Standard (SFAS) No. 5, *Accounting for Contingencies*, whereby the effect of the uncertainty would be recorded if the outcome was considered probable and was reasonably estimable. As of August 31, 2009 and 2008, First Place had no uncertain tax positions requiring accrual.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Subsequent Events - Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. First Place recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. First Place's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements were available to be issued. First Place has evaluated subsequent events through January 18, 2010, which is the date the financial statements were available to be issued.

FIRST PLACE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 2 - Investments

Investments consist of fixed income securities with fair values of \$3,240,292 and \$202,028 at August 31, 2009 and 2008. Investment return includes interest and dividend income on cash, cash equivalents and investments, as well as realized and unrealized gains and losses on investments.

The following summarizes the investment return by net asset classification for the years ended August 31:

	<u>2009</u>	<u>2008</u>
Unrestricted		
Interest and dividends	\$ 49,478	\$ 10,927
Realized and unrealized gains (losses)	(510)	2,952
	<u>48,968</u>	<u>13,879</u>
Temporarily restricted		
Interest and dividends	11,780	3,355
Realized and unrealized gains	150,037	-
	<u>161,817</u>	<u>3,355</u>
	<u>\$ 210,785</u>	<u>\$ 17,234</u>

Note 3 - Contributions Receivable

Contributions receivable at August 31 are due as follows:

	<u>2009</u>	<u>2008</u>
Less than one year	\$ 218,242	\$ 2,422,831
One to five years	75,651	159,899
	<u>293,893</u>	<u>2,582,730</u>
Less: Allowance for uncollectible contributions receivable	53,475	-
Less: Unamortized Discount	4,434	9,525
	<u>\$ 235,984</u>	<u>\$ 2,573,205</u>

A discount rate of 5% was used for the years ending August 31, 2009 and 2008, based on the rate market participants would demand.

FIRST PLACE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 4 - Property and Equipment

At August 31, property and equipment consist of the following:

	<u>2009</u>	<u>2008</u>
Buildings	\$ 4,190,383	\$ 3,854,231
Land	437,000	437,000
Construction in progress	55,040	278,374
Furniture and equipment	225,268	205,738
Vehicles	76,549	76,549
	<u>4,984,240</u>	<u>4,851,892</u>
Accumulated depreciation	<u>(983,250)</u>	<u>(844,479)</u>
	<u>\$ 4,000,990</u>	<u>\$ 4,007,413</u>

Note 5 - Lease Commitments

As of August 31, 2009, future minimum annual rental payments due under non-cancelable operating leases are as follows:

<u>Year ending August 31,</u>	
2010	\$ 18,631
2011	7,623
2012	7,623
2013	7,623
2014	4,129
	<u>\$ 45,629</u>

Note 6 - Line of Credit

First Place maintains an uncollateralized \$150,000 line of credit at Bank of America with interest at prime plus 1%, (4.25% at August 31, 2009) and no maturity date. At August 31, 2009 and 2008, there were \$150,000 and \$0 outstanding, respectively. First Place renews the line of credit annually.

FIRST PLACE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 7 - Contingency

During 2001, First Place borrowed \$1,520,000 from the City of Seattle in connection with the purchase of the Odessa Brown Building. The loan was paid in full in 2004. First Place is subject to certain covenants of limited duration, ranging from 2 to 20 years from the date of the purchase of the building.

The covenants stipulate the use of the building for the direct delivery of human services to residents of Seattle. Violation of the covenants could allow ownership of the building to revert to the City of Seattle. At August 31, 2009 and 2008, First Place was in compliance with the covenants.

Note 8 - Restricted Net Assets

Temporarily Restricted Net Assets - At August 31, temporarily restricted net assets are available for the following purposes:

	2009	2008
Temporarily Restricted Earnings on Endowment	\$ 162,072	\$ -
Family Reunification Program	80,000	90,000
Time Restriction	75,651	166,899
Mental Health Program	56,412	100,000
Various Programs	14,015	5,930
Out of the Rain Program	-	60,834
	\$ 388,150	\$ 423,663

Permanently Restricted Net Assets - Permanently restricted net assets are restricted to investments in perpetuity, the income from which is expendable for purposes stipulated by donors. Permanently restricted net assets consist of endowments totaling \$3,082,395 at both August 31, 2009 and 2008.

Note 9 - Fair Value of Assets and Liabilities

Effective September 1, 2008, the First Place adopted SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS No. 157 has been applied prospectively as of the beginning of the year. Financial assets and liabilities are recognized and disclosed at fair value on a recurring basis.

Note 9 - Fair Value of Assets and Liabilities (Continued)

SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Investments - Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include fixed income securities of \$3,240,292 as of August 31, 2009. There are no Level 2 and 3 securities as of August 31, 2009.

Note 10 - Endowment

Effective September 1, 2008, First Place adopted the provisions of FSP No. 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures of All Endowment Funds*. FSP 117-1 provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and required disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds. Washington State has enacted a version of UPMIFA as of July 1, 2009.

First Place's endowment consists of one fund, which is made up of donor-restricted endowment funds. As required by generally accepted accounting principles in the U.S., net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Distributions from the endowment fund are used to further the vision of First Place.

FIRST PLACE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 10 - Endowment (Continued)

Interpretation of Relevant Law - The Board of Trustees of First Place Endowment Fund has interpreted the enacted version of UPMIFA for Washington State that is effective July 1, 2009 and determined that requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary is appropriate. As a result of this interpretation, First Place classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment, as applicable, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by First Place in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, First Place considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment net assets consist of the following at August 31, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 162,072</u>	<u>\$ 3,082,395</u>	<u>\$ 3,244,467</u>

FIRST PLACE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 10 - Endowment (Continued)

Changes in endowment net assets for the year ended August 31, 2009 are as follows:

Net assets, September 1, 2008	<u>\$ 3,086,378</u>
Investment return	204,892
Distributions to School	(32,582)
Other expenses	(14,221)
Contributions	-
Total change in net assets - Endowment	<u>158,089</u>
Total net assets, August 31, 2009	<u><u>\$ 3,244,467</u></u>

Endowment net assets consist of the following at August 31, 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 3,983</u>	<u>\$ -</u>	<u>\$ 3,082,395</u>	<u>\$ 3,086,378</u>

Changes in endowment net assets for the year ended August 31, 2008 are as follows:

Net assets, September 1, 2007	<u>\$ 82,395</u>
Investment return	3,983
Distributions to School	-
Other expenses	-
Contributions	<u>3,000,000</u>
Total change in net assets - Endowment	<u>3,003,983</u>
Total net assets, August 31, 2008	<u><u>\$ 3,086,378</u></u>

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires First Place to retain as a fund of perpetual duration. There were no deficiencies of this nature reported in total net assets as of August 31, 2009 and 2008.

Note 10 - Endowment (Continued)

Return Objectives and Risk Parameters - First Place has adopted conservative investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the principal of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to preserve the principle.

Strategies Employed for Achieving Objectives - First Place relies on a total return strategy in which investment returns are achieved through current yield (interest and dividends). First Place targets a safe asset allocation that places a greater emphasis on endowment preservation.

Spending Policy and How the Investment Objectives Relate to Spending Policy - First Place does not have a formal spending policy relating to endowment funds.

For each donor-restricted endowment that doesn't state otherwise, a not-for-profit organization shall classify the portion of the fund that is not classified as permanently restricted net assets as temporarily restricted net assets (time restricted) until appropriated for expenditure by the organization. First Place has adopted the provisions of this statement as of August 31, 2009 and it has not had a material effect on the accompanying financial statements.

Note 11 - Bequest

During the year ended August 31, 2008, First Place received a bequest of 10% of an estate of a donor. Permanently restricted contributions of \$3,000,000 were recognized related to this bequest in the year ended August 31, 2008. Cash and investments in endowment of \$1,000,000 and endowment receivable of \$2,000,000 were included on the balance sheet related to this bequest at August 31, 2008. In 2009, \$2,000,000 in cash was received related to the endowment receivable. There were no additional contributions to the endowment during the year ended August 31, 2009.

Note 12 - Related Party Transactions

First Place received contributions from members of its Board of Directors of \$19,800 and \$45,716 for the years ended August 31, 2009 and 2008, respectively. Outstanding balances due from members of First Place's Board of Directors amount to \$9,500 and \$42,757 at August 31, 2009 and 2008, respectively.

Note 13 - Concentrations

Financial instruments that potentially subject First Place to concentrations of credit risk consist of cash and cash equivalents and contributions receivable. First Place maintains its cash and cash equivalents with a major financial institution. At times, balances may exceed federally insured limits.

A contribution receivable from one donor represents 14% of total contributions receivable at August 31, 2009. There was no revenue concentration of over 10% in the year ended August 31, 2009.

As of and for the year ended August 31, 2008, a bequest from one donor represented 52% of revenue and 78% of contributions receivable.

Note 14 - Subsequent Events

During the fall of 2009, First Place was one of three organizations to be awarded the Communities of Concern Award from the State of Washington Housing Trust Fund in the amount of \$2.3 million. The award is to be used to fund the development of projects serving underserved communities of concern. These awards are largely predevelopment funding, to assist organizations in the building of capacity as they work to serve some of the most disadvantaged of Washington citizens.