

**TULARE COUNTY TRAINING CENTER FOR THE HANDICAPPED
dba, ABLE INDUSTRIES**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2009 AND 2008

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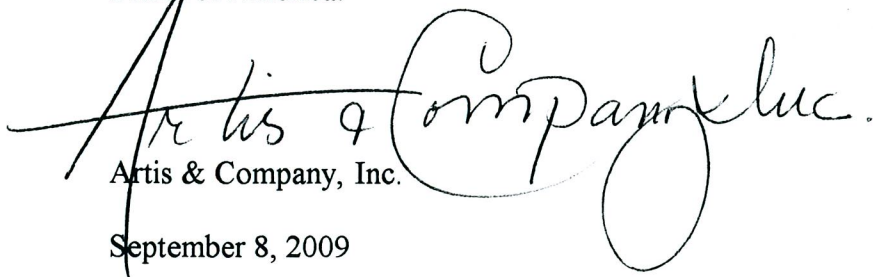
INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tulare County Training Center
for the Handicapped, dba
ABLE Industries

We have audited the accompanying statements of financial position of Tulare County Training Center for the Handicapped, dba, ABLE Industries (a nonprofit organization) as of June 30, 2009 and 2008, 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 Tulare County Training Center for the Handicapped, dba, ABLE Industries as of June 30, 2009 and 2008, 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.


Artis & Company, Inc.
September 8, 2009

TULARE COUNTY TRAINING CENTER FOR THE HANDICAPPED
dba, ABLE INDUSTRIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,034,174	\$ 1,136,582
Accounts Receivable	603,753	380,559
Prepaid Expenses	103,472	86,632
Inventories	318,414	298,691
Total Current Assets	<u>2,059,813</u>	<u>1,902,464</u>
 PROPERTY AND EQUIPMENT,		
Net of Accumulated Depreciation (Note 2)	<u>689,038</u>	<u>629,523</u>
TOTAL ASSETS	<u><u>\$ 2,748,851</u></u>	<u><u>\$ 2,531,987</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 84,549	\$ 70,046
Accrued Expenses	139,864	153,286
Compensation Incentive Payable	115,783	-
Total Current Liabilities	<u>340,196</u>	<u>223,332</u>
Total Liabilities	<u>340,196</u>	<u>223,332</u>
 NET ASSETS		
Unrestricted Net Assets	<u>2,408,655</u>	<u>2,308,655</u>
Total Net Assets	<u>2,408,655</u>	<u>2,308,655</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,748,851</u></u>	<u><u>\$ 2,531,987</u></u>

The accompanying notes are an integral part of these financial statements

TULARE COUNTY TRAINING CENTER FOR THE HANDICAPPED

dba, ABLE INDUSTRIES

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

	PROGRAM SERVICES				
	WORK CENTER	OFFSITE	WARLOW REST AREA	REHAB.	LIFE SKILLS LEARNING CENTER
UNRESTRICTED NET ASSETS					
REVENUE AND RECLASSIFICATIONS					
Production Revenue	\$ 1,648,917	\$ 547,484	\$ 40,577	\$ 81,446	\$ 10
Freight Revenue	2,515	-	-	-	-
Postage Revenue	143,355	-	-	-	-
Contributions - Unrestricted	-	-	-	-	1,315
Grant Revenue	-	-	-	-	-
Habilitation Revenue	-	-	-	-	-
Transportation Revenue	-	8,270	-	305	12,646
SE Revenue	-	568,824	-	209,842	-
Miscellaneous Revenue	-	1,554	-	-	-
Adult Education Rent Revenue	-	-	-	-	15,326
Adult Education Service Revenue	-	-	-	-	25,881
United Way	-	-	-	-	-
Fund Raising Revenue - Unrestricted	-	-	-	-	52
Interest	-	-	-	-	-
Sale of Assets	-	-	-	-	-
Payables Discount	-	-	-	-	-
Preplacement Revenue	-	-	-	15,520	-
Miscellaneous Revenue - Indirect	794,598	-	-	126,719	-
WAP Revenue	-	-	-	14,000	-
DDS Revenue	-	-	-	-	392,110
Total Revenue	2,589,385	1,126,132	40,577	447,832	447,340
Total Revenue and Reclassifications	2,589,385	1,126,132	40,577	447,832	447,340
EXPENSES	2,515,482	1,108,990	37,789	452,868	428,144
CHANGE IN UNRESTRICTED NET ASSETS	\$ 73,903	\$ 17,142	\$ 2,788	\$ (5,036)	\$ 19,196

WIA SW	COMP. LAB	TOTAL	SUPPORTING SERVICES INDIRECT ADMIN.	2009 TOTAL ALL SERVICES
\$ -	\$ 179	\$ 2,318,613	\$ -	\$ 2,318,613
-	-	2,515	-	2,515
-	-	143,355	-	143,355
-	-	1,315	3,714	5,029
19,760	-	19,760	-	19,760
-	-	-	663,755	663,755
-	-	21,221	-	21,221
-	-	778,666	23,620	802,286
-	-	1,554	11,414	12,968
-	-	15,326	34,661	49,987
-	-	25,881	153,102	178,983
-	-	-	8,291	8,291
-	-	52	3,745	3,797
-	-	-	22,636	22,636
-	-	-	(190)	(190)
-	-	-	341	341
-	-	15,520	-	15,520
-	3,772	925,089	(925,089)	-
-	-	14,000	-	14,000
-	-	392,110	-	392,110
19,760	3,951	4,674,977	-	4,674,977
19,760	3,951	4,674,977	-	4,674,977
19,760	11,944	4,574,977	-	4,574,977
\$ -	\$ (7,993)	\$ 100,000	\$ -	\$ 100,000
Unrestricted Net Assets at Beginning of Year				2,308,655
UNRESTRICTED NET ASSETS AT END OF YEAR				\$ 2,408,655

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

TULARE COUNTY TRAINING CENTER FOR THE HANDICAPPED

dba, ABLE INDUSTRIES

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

<u>UNRESTRICTED NET ASSETS</u>	PROGRAM SERVICES				
	WORK CENTER	OFFSITE	WARLOW REST AREA	REHAB.	LIFE SKILLS LEARNING AND SENIORS
REVENUE AND RECLASSIFICATIONS					
Production Revenue	\$ 1,463,574	\$ 396,178	\$ 84,944	\$ 78,252	\$ -
Freight Revenue	3,339	-	-	-	-
Postage Revenue	149,757	-	-	-	-
Contributions - Unrestricted	-	-	-	-	918
Grant Revenue	-	-	-	-	-
Habilitation Revenue	-	-	-	-	-
SE Revenue	-	436,335	-	217,366	-
Adult Education Rent Revenue	-	-	-	-	15,326
Adult Education Service Revenue	-	-	-	-	27,715
United Way	-	-	-	-	-
Fundraising and Miscellaneous	-	100	-	-	123
Interest	-	-	-	-	-
Sale of Assets	1,147	950	-	-	-
Placement Revenue	-	-	-	18,800	-
Miscellaneous Revenue - Indirect	859,953	-	-	131,797	-
Transportation Revenue	-	7,026	-	614	11,385
DDS Revenue	-	-	-	-	384,886
Total Revenue	2,477,770	840,589	84,944	446,829	440,353
Net Assets Released from Restrictions	-	-	-	-	-
Total Revenue and Reclassifications	2,477,770	840,589	84,944	446,829	440,353
EXPENSES	2,367,278	877,319	77,467	463,580	428,426
CHANGE IN UNRESTRICTED NET ASSETS	\$ 110,492	\$ (36,730)	\$ 7,477	\$ (16,751)	\$ 11,927

TEMPORARILY RESTRICTED NET ASSETS

Revenue - Temporarily Restricted Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Net Assets Released from Restriction	-	-	-	-	-
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -

	WIA SW	COMP. LAB	TOTAL	SUPPORTING SERVICES INDIRECT ADMIN.	2008 TOTAL ALL SERVICES
\$	-	\$ 109	\$ 2,023,057	\$ -	\$ 2,023,057
	-	-	3,339	-	3,339
	-	-	149,757	-	149,757
	-	-	918	2,554	3,472
	59,114	-	59,114	-	59,114
	-	-	-	675,451	675,451
	-	-	653,701	57,986	711,687
	-	-	15,326	36,634	51,960
	-	-	27,715	155,932	183,647
	-	-	-	9,260	9,260
	-	-	223	28,190	28,413
	-	-	-	31,019	31,019
	-	-	2,097	-	2,097
	-	-	18,800	-	18,800
	-	5,276	997,026	(997,026)	-
	-	-	19,025	-	19,025
	-	-	384,886	-	384,886
	59,114	5,385	4,354,984	-	4,354,984
	-	4,147	4,147	-	4,147
	59,114	9,532	4,359,131	-	4,359,131
	59,114	14,524	4,287,708	-	4,287,708
\$	-	\$ (4,992)	\$ 71,423	\$ -	71,423
	Unrestricted Net Assets at Beginning of Year				<u>2,237,232</u>
	UNRESTRICTED NET ASSETS AT END OF YEAR				<u>\$ 2,308,655</u>
\$	-	\$ -	\$ -	\$ -	\$ -
	-	(4,147)	(4,147)	-	(4,147)
\$	-	\$ (4,147)	\$ (4,147)	\$ -	(4,147)
	Temporarily Restricted Net Assets at Beginning of Year				<u>4,147</u>
	TEMPORARILY RESTRICTED NET ASSETS AT END OF YEAR				<u>\$ -</u>
	CHANGE IN TOTAL NET ASSETS				<u>\$ 67,276</u>

The accompanying notes are an integral part of these financial statements

TULARE COUNTY TRAINING CENTER FOR THE HANDICAPPED

dba, ABLE INDUSTRIES

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2009

	PROGRAM SERVICES				
	WORK CENTER	OFFSITE	WARLOW	LIFE SKILLS	
			REST AREA	REHAB	LEARNING CENTER
Staff Wages	\$ 163,366	\$ 395,216	\$ 15,848	\$ 184,330	\$ 204,680
Client and Supported Wages	143,342	239,975	7,952	53,817	9,150
Contract Services	7	4,656	32	51	226
Payroll Taxes	13,983	32,518	1,102	15,615	17,294
Compensation Incentive					
Worker's Comp. Insurance	14,865	26,024	3,516	11,773	1,933
Health and Disability Insurance	31,942	49,707	1,097	25,508	25,667
Pension	3,301	5,554	-	1,384	4,147
Uniforms	-	1,956	-	139	-
Vacation Expense	(771)	1,374	(222)	(948)	406
Medical Exams	-	897	-	530	1,538
Equipment and Facility Rent	171,146	8,162	1	12,503	310
Utilities	42,809	4,948	3	1,405	13,763
Repairs and Maintenance	8,806	3,980	190	2,986	4,211
Equipment Purchase	772	3,007	275	364	183
Liability Insurance	14,181	1,501	-	1,342	4,517
Supplies	11,536	6,583	238	1,877	8,256
Production Supplies	4,582	34,782	507	1,465	3,676
Staff Training	245	64	8	216	32
Production Materials	1,046,156	9,225	291	16,006	-
Postage	21,598	189	1	214	80
Freight	32,763	63	-	-	-
Telephone	1,084	4,803	319	6,267	3,444
Advertising and Promotion	16,821	7,235	1	5,336	712
Dues and Subscriptions	2,772	-	-	200	112
Vehicle Expenses	7,985	52,104	143	3,483	9,469
Staff Travel	482	11,811	735	5,971	1,279
Interest	2,191	230	-	-	-
Tax and Licenses	2,898	2,555	-	1,357	465
Miscellaneous	45	1,192	-	-	86
Depreciation	17,875	35,258	183	2,894	20,609
Direct Admin. Expense					
Allocation	368,018	-	-	30,339	28,808
Total Direct Expense	2,144,800	945,569	32,220	386,424	365,053
Indirect Admin. Expense					
Allocation	370,682	163,421	5,569	66,444	63,091
TOTAL EXPENSES	\$ 2,515,482	\$ 1,108,990	\$ 37,789	\$ 452,868	\$ 428,144

			SUPPORTING SERVICES			2009
WIA	COMP.	TOTAL	DIRECT	INDIRECT	TOTAL	TOTAL
SW	LAB		ADMIN.	ADMIN.		ALL
						SERVICES
\$ 8,342	\$ 29	\$ 971,811	\$ 266,881	\$ 293,922	\$ 560,803	\$ 1,532,614
-	-	454,236	10,260	12,642	22,902	477,138
-	-	4,972	77	16,896	16,973	21,945
839	2	81,353	22,378	25,579	47,957	129,310
		-		115,783	115,783	115,783
96	-	58,207	7,190	2,353	9,543	67,750
1,818	47	135,786	30,430	30,283	60,713	196,499
326	-	14,712	8,404	10,478	18,882	33,594
-	-	2,095	40	-	40	2,135
-	-	(161)	11	(4,294)	(4,283)	(4,444)
-	-	2,965	701	120	821	3,786
246	5,331	197,699	43,406	59,120	102,526	300,225
65	1,342	64,335	11,623	12,878	24,501	88,836
4	103	20,280	6,461	12,259	18,720	39,000
-	-	4,601	1,333	1,524	2,857	7,458
30	206	21,777	1,205	12,101	13,306	35,083
67	226	28,783	3,458	11,095	14,553	43,336
-	-	45,012	815	96	911	45,923
-	-	565	274	1,868	2,142	2,707
-	8	1,071,686	2,545	47	2,592	1,074,278
2	-	22,084	36	4,022	4,058	26,142
-	-	32,826	793	34	827	33,653
573	-	16,490	8,051	10,106	18,157	34,647
350	1	30,456	666	7,795	8,461	38,917
-	-	3,084	137	5,576	5,713	8,797
-	-	73,184	1,958	1,366	3,324	76,508
609	-	20,887	508	11,210	11,718	32,605
-	-	2,421	-	7	7	2,428
-	-	7,275	35	140	175	7,450
-	-	1,323	80	12,193	12,273	13,596
2	1,058	77,879	976	8,423	9,399	87,278
		-				
1,736	1,831	430,732	(430,732)		(430,732)	-
15,105	10,184	3,899,355	-	675,622	675,622	4,574,977
4,655	1,760	675,622	-	(675,622)	(675,622)	-
<u>\$ 19,760</u>	<u>\$ 11,944</u>	<u>\$ 4,574,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,574,977</u>

The accompanying notes are an integral part of these financial statements

TULARE COUNTY TRAINING CENTER FOR THE HANDICAPPED

dba, ABLE INDUSTRIES

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2008

	PROGRAM SERVICES				
	WORK		WARLOW	LIFE SKILLS	
	CENTER	OFFSITE	REST AREA	REHAB	LEARNING AND SENIORS
Staff Wages	\$ 170,626	\$ 299,470	\$ 29,797	\$ 203,116	\$ 198,921
Client & Supported Wages	152,858	178,494	22,069	42,759	8,392
Contract Services	1,505	3,421	1	68	172
Payroll Taxes	13,507	23,005	2,492	15,586	15,760
Worker's Comp. Insurance	17,736	23,105	3,006	10,893	2,458
Health & Disability Insurance	38,013	42,132	3,342	35,317	28,059
Pension	4,370	4,047	-	1,823	4,019
Uniforms	-	410	-	-	-
Medical Exams	-	1,565	-	540	330
Equipment & Facility Rent	167,332	6,816	62	10,008	1,213
Utilities	49,093	14,094	18	1,555	14,146
Repairs & Maintenance	8,223	3,703	50	312	4,677
Supplies	9,257	5,129	106	2,079	9,006
Liability Insurance	22,972	1,450	943	2,114	5,784
Equipment Purchase and Loss	2,370	4,766	325	333	118
Production Supplies	5,626	34,475	169	270	4,786
Staff Training	130	779	30	291	240
Production Materials	922,023	2,498	-	16,943	-
Postage	24,132	69	1	210	41
Freight	39,628	26	-	-	-
Telephone	1,442	5,744	530	8,149	3,781
Advertising & Promotion	8,123	3,215	-	4,283	630
Dues & Subscriptions	297	-	-	125	203
Vehicle Expenses	13,448	47,875	136	3,133	14,047
Taxes and Licenses	3,123	2,158	-	432	475
Staff Travel	878	8,858	898	6,933	1,342
Depreciation	23,084	23,295	642	3,400	25,368
Interest	2,537	301	-	-	-
Miscellaneous	(34)	1,228	166	155	8
Fundraising	-	-	-	-	-
Bad Debts	5,963	-	-	-	-
Direct Admin. Expense Allocation	351,231	21,126	2,612	32,481	28,748
Total Direct Expense	2,059,493	763,254	67,395	403,308	372,724
Indirect Admin. Expense Allocation	307,785	114,065	10,072	60,272	55,702
TOTAL EXPENSES	\$ 2,367,278	\$ 877,319	\$ 77,467	\$ 463,580	\$ 428,426

			SUPPORTING SERVICES			2008
WIA	COMP.	TOTAL	DIRECT	INDIRECT	TOTAL	TOTAL
SW	LAB		ADMIN.	ADMIN.		ALL
						SERVICES
\$ 29,650	\$ 972	\$ 932,552	\$ 234,271	287,431	\$ 521,702	\$ 1,454,254
1,108	-	405,680	47,088	13,745	60,833	466,513
1	-	5,168	46	22,705	22,751	27,919
2,399	75	72,824	19,296	28,875	48,171	120,995
221	-	57,419	9,516	2,524	12,040	69,459
3,732	44	150,639	36,652	29,353	66,005	216,644
1,159	-	15,418	8,127	7,651	15,778	31,196
-	-	410	-	-	-	410
-	-	2,435	653	85	738	3,173
1,097	5,203	191,731	45,704	55,646	101,350	293,081
132	1,539	80,577	13,328	13,540	26,868	107,445
7	82	17,054	4,548	13,388	17,936	34,990
167	312	26,056	2,132	9,916	12,048	38,104
74	383	33,720	2,425	9,011	11,436	45,156
-	-	7,912	419	1,372	1,791	9,703
79	361	45,766	453	-	453	46,219
50	-	1,520	373	1,972	2,345	3,865
-	31	941,495	880	-	880	942,375
8	-	24,461	44	4,643	4,687	29,148
-	-	39,654	605	16	621	40,275
1,487	-	21,133	10,958	11,328	22,286	43,419
3,447	1	19,699	1,207	4,325	5,532	25,231
355	-	980	244	5,013	5,257	6,237
-	-	78,639	1,455	1,921	3,376	82,015
-	-	6,188	35	316	351	6,539
2,280	-	21,189	692	13,813	14,505	35,694
3	1,404	77,196	1,243	7,050	8,293	85,489
-	-	2,838	-	11	11	2,849
5	-	1,528	-	11,744	11,744	13,272
-	-	-	-	57	57	57
-	-	5,963	-	19	19	5,982
3,967	2,229	442,394	(442,394)	-	(442,394)	-
51,428	12,636	3,730,238	-	557,470	557,470	4,287,708
7,686	1,888	557,470	-	(557,470)	(557,470)	-
<u>\$ 59,114</u>	<u>\$ 14,524</u>	<u>\$ 4,287,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,287,708</u>

The accompanying notes are an integral part of these financial statements

TULARE COUNTY TRAINING CENTER FOR THE HANDICAPPED
dba, ABLE INDUSTRIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 100,000	\$ 67,276
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	87,278	85,489
Loss of Sale of Assets	190	(2,097)
(Increase) Decrease in:		
Accounts Receivable	(223,194)	69,866
Inventories	(19,723)	(94,770)
Prepaid Expenses	(16,840)	28,514
Increase (Decrease) in:		
Accounts Payable	14,503	(20,666)
Accrued Expenses	(13,422)	(21,978)
Compensation Incentive Accrual	115,783	(99,599)
Net Cash Flows Provided By Operating Activities	<u>44,575</u>	<u>12,035</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Capitalized Equipment	(146,983)	(81,751)
Proceeds from the sale of assets	-	4,250
Net Cash Flows Used by Investing Activities	<u>(146,983)</u>	<u>(77,501)</u>
Net Decrease in Cash	(102,408)	(65,466)
Cash, Beginning of Year	<u>1,136,582</u>	<u>1,202,048</u>
CASH, END OF YEAR	<u>\$ 1,034,174</u>	<u>\$ 1,136,582</u>
Additional Information:		
Interest Paid	<u>\$ 2,428</u>	<u>\$ 2,850</u>

The accompanying notes are an integral part of these financial statements

TULARE COUNTY TRAINING CENTER FOR THE HANDICAPPED
dba, ABLE INDUSTRIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

1. Nature of Organization and Significant Accounting Policies

Nature of Activities

Tulare County Training Center for the Handicapped, dba, ABLE Industries, is a non-profit organization serving handicapped adults in Tulare County, with the primary goal of providing work opportunities to develop and refine skills essential to improve productivity. Primary revenue sources include contracted services and vendor fees with state and local agencies and manufacturing contracts with businesses and organizations

Basis of Accounting

The financial statements of Tulare County Training Center for the Handicapped, dba, ABLE Industries, have been prepared on the accrual basis of accounting.

Property and Equipment

Property and equipment are stated at cost when purchased and estimated market value if donated. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

Cash Equivalents

Cash and cash equivalents that mature in three months or less are considered cash equivalents. The Organization maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits. At June 30, 2009, the Organization exceeded the insured limit by approximately \$267,000.

Inventories

Inventories of raw material are valued at the lower of cost or market on a first-in, first-out basis. Inventory also includes some merchandise for which some minor processing has been performed. Generally accepted accounting principles require these processing charges be included as part of inventory.

Contributed Services

During the years ended June 30, 2009 and 2008, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been shown separately on these financial statements. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

TULARE COUNTY TRAINING CENTER FOR THE HANDICAPPED
dba, ABLE INDUSTRIES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

1. Nature of Organization and Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Allowance for Doubtful Accounts

All accounts receivable are considered to be fully collectible, therefore no allowance for doubtful accounts is deemed necessary.

Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for either state or federal income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509, nor is it liable for the tax imposed under the Federal Unemployment Tax Act.

The Internal Revenue Service through a private letter ruling has concluded that the trainees who are either participating in the Work Activity Program, the Work Adjustment program or the Vocational Evaluation Programs are not employees of Tulare County Training Center for the Handicapped, dba, ABLE Industries, for Federal employment tax purposes and it has no obligation to withhold FICA taxes or federal income taxes from amounts paid to participants as income. Further, because the trainees are not involved in a trade or business, the remuneration the participant receives is not considered to be net earnings from self-employment as defined in Section 1402 of the Internal Revenue Code.

Financial Statement Presentation

The Organization is required to report information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

TULARE COUNTY TRAINING CENTER FOR THE HANDICAPPED
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 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009 AND 2008

2. Property and Equipment

The additions and disposal of property and equipment, along with related accumulated depreciation accounts consisted of the following:

	<u>6/30/2008</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>6/30/2009</u>
	<u>BALANCE</u>			<u>BALANCE</u>
Land	\$ 89,029	\$ -	\$ -	\$ 89,029
Building & Improvements	820,928	6,216	-	827,144
Landscaping	4,534	-	-	4,534
Production Equipment	242,862	117,974	465	360,371
Office Equipment	214,997	2,733	13,272	204,458
Vehicles	<u>390,382</u>	<u>20,060</u>	<u>-</u>	<u>410,442</u>
	1,762,732	\$ <u>146,983</u>	\$ <u>13,737</u>	1,895,978
Accumulated Depreciation	<u>1,133,209</u>	\$ <u>87,278</u>	\$ <u>13,547</u>	<u>1,206,940</u>
NET PROPERTY & EQUIPMENT	\$ <u>629,523</u>			\$ <u>689,038</u>

3. Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days depending on job classification, length of service and other factors.

During the first five years of employment, regular full-time employees accrue vacation time at the rate of four hours per pay period or ninety-six hours per year. After five years of employment, regular full-time employees accrue vacation time at the rate of six hours per pay period or one hundred and forty-four hours per year. Regular part-time employees accrue vacation hours at a prorated proportion according to the employees regular scheduled work week.

TULARE COUNTY TRAINING CENTER FOR THE HANDICAPPED
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

3. Compensated Absences (Continued)

Effective July 1, 1992, employees during the first five years may accrue vacation hours up to a maximum of one hundred sixty hours. Employees who have completed five years of service may accrue vacation up to two hundred sixteen hours. Once an employee accrues the maximum, the accrual will cease until such time as the employee has taken enough vacation time off to reduce his balance below their threshold. Pay in lieu of vacation is not allowed, but accrued vacation will be paid upon termination of employment. A liability for accrued compensated vacation time in the amount of \$51,370 and \$55,813 for the years ending June 30, 2009 and 2008, respectively, is reflected in the financial statements.

Employees of the Organization are also entitled to paid sick days off. Regular full-time employees accrue paid sick leave at the rate of eight hours per month up to a maximum of two hundred and forty hours. Regular part-time employees are eligible to receive sick leave on a prorated proportion according to the employees regular scheduled work week. A maximum of two hundred forty hours of sick pay may be carried over from year to year, however, pay in lieu of sick days off is not allowed nor will it be paid upon termination of employment. Certain employees who qualify for the perfect attendance award, may elect to be paid for one week of sick pay. No liability has been recorded in these financial statements for compensated sick days off.

4. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of donations restricted by the donor for specific purposes. The policy of the Organization is to record such contributions as unrestricted if the restrictions are met in the year the contribution is received. During 2009, no temporarily restricted contributions were received.

5. Subsidized Salaries

The Organization receives salary subsidies, rent and service fees from the local school district in which it operates. Visalia Unified School District pays subsidies to the Organization, which are reported as part of revenue with the corresponding expense included in staff wages and related expenses.

TULARE COUNTY TRAINING CENTER FOR THE HANDICAPPED
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

6. Lease Commitments

The Organization entered into an agreement effective October 13, 1999 for leasing 58,600 square feet of a building located at 8127 Ave. 304, Visalia, California. Effective May 1, 2006 the Organization took over another 24,000 square feet of the building for a total of 82,600 square feet. The term is for 15 years with an option for an additional five years. With the current year addition, the base rent is \$22,990 per month plus taxes and insurance. The rent is adjusted annually to reflect changes in the consumer price index. Rent expense for the fiscal year ended June 30, 2009 and 2008 was \$287,042 and \$280,614, respectively, which includes additional rent for taxes and insurance. The Organization also has entered into an operating lease agreement to lease two copy machines. The minimum lease payments the Organization is committed to make for the next five years are as follows:

June 30, 2010	\$ 275,880
June 30, 2011	275,880
June 30, 2012	275,880
June 30, 2013	275,880
June 30, 2014	<u>275,880</u>
	<u>\$ 1,379,400</u>

7. Concentrations

The Organization obtains a significant amount of revenue from governmental grants and from the sale of particular products. The concentration of revenue from a single source makes the Organization vulnerable to the risk of losing significant revenues if the single funding source is lost. The following are the significant funding sources:

Habilitation Revenue - Department of Developmental Services

The Organization is reimbursed based on a daily attendance of participants. \$ 663,755

8. Pension

Effective July 1, 1999, the Organization established a 403(b) Retirement Plan. Employees become eligible after one month of service. The Organization matches all salary deferral amounts after one year of service, up to 4% of salary. The amount of matching is determined annually by the Board of Directors. Salary deferral and matching contributions are 100% vested immediately. The amount of pension expense for the years ending June 30, 2009 and 2008 was \$33,593 and \$31,196 respectively.