HOME PARK LEARNING CENTER, INC.

FINANCIAL STATEMENTS
(with report of independent auditors)

YEARS ENDED JUNE 30, 2009 AND 2008

Tomkiewicz Wright, LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors and Officers
Home Park Learning Center, Inc.
Atlanta, Georgia

We have audited the accompanying statements of financial position of Home Park Learning Center, Inc., a nonprofit organization (the "Organization"), as of June 30, 2009 and 2008, and the related statements of activities, cash flows and functional expenses 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 audits 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 Home Park Learning Center, Inc. as of June 30, 2009 and 2008, and the changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Tomkiewicz Wright, LLC

September 22, 2009

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HOME PARK LEARNING CENTER, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 86	$ 146
Unconditional promises to give	-0-	685
Prepaid insurance	6,499	7,072
Prepaid expenses – other	1,286	-0-
Property and equipment, net of depreciation	1,271,373	1,325,283
Restricted contribution receivable	106,334	111,167
TOTAL ASSETS	$ 1,385,578	$ 1,444,353
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ 1,286	$ 685
NET ASSETS:		
Unrestricted net assets	1,277,958	1,332,501
Temporarily restricted net assets	106,334	111,167
	1,384,292	1,443,668
TOTAL LIABILITIES AND NET ASSETS	$ 1,385,578	$ 1,444,353

See notes to financial statements.

HOME PARK LEARNING CENTER, INC.

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenues and support:		
Unrestricted contributions	$ 77,086	$ 93,052
Management services revenue	71,135	72,614
Net assets released from restriction	4,833	4,833
Total unrestricted revenues and support	153,054	170,499
Expenses:		
Program services	125,540	138,150
Management and general	82,057	94,660
Total expenses	207,597	232,810
Decrease in unrestricted net assets	(54,543)	(62,311)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Revenues and support:		
Net assets released from restriction	(4,833)	(4,833)
DECREASE IN NET ASSETS	(59,376)	(67,144)
NET ASSETS, beginning of year	1,443,668	1,510,812
NET ASSETS, end of year	$ 1,384,292	$ 1,443,668

See notes to financial statements.

HOME PARK LEARNING CENTER, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2009 AND 2008

		2009		2008
CASH FLOWS FROM OPERATING ACTIVITIES:				
Decrease in net assets	$	(59,376)	$	(67,144)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:				
Depreciation		53,910		64,115
Changes in operating assets and liabilities:				
Unconditional promises to give		685		(685)
Prepaid insurance		573		573
Prepaid expense – other		(1,286)		-0-
Restricted contribution receivable		4,833		4,833
Accounts payable		601		(1,690)
Net cash provided by (used in) operating activities		(60)		2
CASH AND CASH EQUIVALENTS, beginning of year		146		144
CASH AND CASH EQUIVALENTS, end of year	$	86	$	146

See notes to financial statements.

HOME PARK LEARNING CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2009 AND 2008

	Program Services	Management and General	Total Year Ended June 30, 2009	Total Year Ended June 30, 2008
Salaries	$ -0-	$ 56,908	$ 56,908	$ 57,448
Fringe benefits	-0-	14,227	14,227	15,166
Total compensation and benefits	-0-	71,135	71,135	72,614
Repairs and maintenance	6,142	-0-	6,142	4,916
Management contract fees	31,205	-0-	31,205	52,683
Professional fees	-0-	4,500	4,500	3,963
Insurance	10,955	1,744	12,699	13,845
Depreciation	53,910	-0-	53,910	64,115
Supplies	18,495	4,587	23,082	15,811
Licenses and fees	-0-	91	91	30
Rent	4,833	-0-	4,833	4,833
Total expenses	$ 125,540	$ 82,057	$ 207,597	$ 232,810

See notes to financial statements.

1. Organization and Summary of Significant Accounting Policies:

Home Park Learning Center, Inc. (the "Organization"), is a Georgia non-profit corporation and cooperative organization of Georgia Institute of Technology ("GIT") formed to provide child care services to the faculty, staff, and students of GIT and the residents of the Home Park community.

Basis of Accounting
The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents
The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment
Property and equipment are stated at cost. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets. For the year ended June 30, 2009, all depreciation expense is attributable to leasehold improvements with an estimated useful life of thirty years.

Revenue Recognition
The Organization has adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made,* whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give are recognized as receivables and as revenues in the period in which the Organization is notified by the donor of his or her commitment to make a contribution. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Expense Allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes
The Organization is a not-for-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income taxes are reflected in the accompanying financial statements.

Recent Accounting Pronouncements

In May 2008, the Financial Accounting Standards Board issued SFAS No. 165, *Subsequent Events*. SFAS No. 165 establishes general standards of accounting and disclosure of events that occur after the balance sheet date but before the financial statements are issued. SFAS No. 165 sets forth (1) the period after the balance sheet date during which management should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date and (3) the disclosures an entity should make about such events or transactions. SFAS No. 165 is applicable to financial statement periods ending after June 15, 2009. Management has performed a review of the Organization's subsequent events and transactions through September 22, 2009, which is the date the financial statements are issued.

Estimates and Assumptions

The Organization uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

2. Memorandum of Agreement:

A memorandum of agreement between the Organization and GIT was signed on April 1, 2003, which allows GIT to provide financial support to the Organization. Financial support is provided to the Organization through Georgia Tech Foundation ("GTF").

3. Management Contract Fees:

The Organization contracts the daily operations of the child care center to Bright Horizons Family Solutions, Inc. ("Bright Horizons"), a for-profit company which operates such centers nationwide. The Organization and Bright Horizons executed a management agreement with a three-year term through December 31, 2007, which thereafter automatically renews for successive one-year terms unless terminated by one of the parties.

Management contract fees consist of a flat monthly management fee set by the management agreement, plus reimbursable operational expenses which are defined in and allowed by the management agreement. Bright Horizons collects revenues from program participants, and bills the Organization for any amount by which the management contract fees exceed the revenues received for the month. If revenues exceed the fees, Bright Horizons issues a credit memo to the Organization to be applied to future months' fees. Net expenses incurred by the Organization under this agreement total $31,205 and $52,683 for the years ended June 30, 2009 and 2008.

4. Concentrations:

The Organization receives significant resources and support from GIT and related organizations. An interruption of this support could cause substantial doubt in the Organization's ability to continue as an independent entity.

5. Unconditional Promises to Give:

Unconditional promises to give consists of balances reimbursable by GTF under the memorandum of agreement described in Note 2, but unpaid at June 30, 2008, in connection with management contract fees charged to the Organization by Bright Horizons for services provided during the year ended June 30, 2008.

6. Prepaid Expenses – Other:

At June 30, 2009, prepaid expenses – other consists of a credit balance due from Bright Horizons under the management contract described in Note 3.

7. Restricted Contribution Receivable:

Restricted contribution receivable consists of the excess of the value of a land lease entered with the City of Atlanta over the actual payments made, as further described in Note 9.

8. Property and Equipment:

Property and equipment at June 30 consists of the following:

	2009	2008
Leasehold improvements	$ 1,617,295	$ 1,617,295
Furniture and equipment	87,472	87,472
	1,704,767	1,704,767
Accumulated depreciation	433,394	379,484
	$ 1,271,373	$ 1,325,283

Depreciation expense for the years ended June 30, 2009 and 2008 is $53,910 and $64,115.

9. Operating Lease Commitment and Land Lease Contribution:

The Organization leases land from the City of Atlanta on which the child care center is constructed. The lease term is five years, and is renewable for five additional five-year terms, for a total of thirty years. Under the lease terms, the Organization pays the city $1 per year for use of the land, which is substantially below fair market value. The leasehold improvements the Organization makes to the land remain the property of the city at the end of the lease.

The Organization recorded a temporarily restricted contribution of $145,000 to reflect the estimated value of the land lease in excess of the payments made by the Organization to the city over the life of the lease. The restriction is recognized as released on a straight-line basis over the thirty-year life of the lease. At June 30, 2009 and 2008, contributions of $106,334 and $111,167 remained under temporary restriction in connection with the lease.

10. Management Services Revenue, Repairs and Maintenance Expense, and Supplies Expense:

Under the memorandum of agreement (see Note 2), the Organization provides child care services beneficial to GIT. In accordance with this agreement, the Organization receives administrative and other services provided by employees of GIT. The value of these services is estimated as $71,135 and $72,614 for the years ended June 30, 2009 and 2008, based on the estimated amount of time spent rendering services to the Organization at the employees' compensation rates. These amounts are included in management services revenue and management and general expense in the accompanying statements of activities.

During the years ended June 30, 2009 and 2008, GIT also provided repair and maintenance services for the Organization's physical facility of $6,142 and $4,916; and supplies, telecommunications, and other administrative resources for the Organization's programs in the amount of $23,082 and $15,811. These balances are included in unrestricted revenues, and in program service expenses or management and general expenses, as applicable, in the accompanying statements of activities.