

Forestdale, Inc.

Financial Statements

June 30, 2011



O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

Board of Directors Forestdale Inc.

We have audited the accompanying statement of financial position of Forestdale, Inc. as of June 30, 2011 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Forestdale, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from Forestdale, Inc.'s 2010 financial statements and, in our report dated October 29, 2010 we expressed an unqualified opinion on those financial statements.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Forestdale, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the 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 Forestdale, Inc. as of June 30, 2011 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.

O'Connor Davies Munns & Dobbins, LLP

New York, New York
October 24, 2011

Forestdale, Inc.
Statement of Financial Position
June 30, 2011
(with comparative totals at June 30, 2010)

	2011	2010
ASSETS		
Cash and cash equivalents	\$ 584,791	\$ 882,780
Due from governmental agencies	2,329,014	2,527,883
Pledge receivable	50,000	-
Prepaid expenses and other assets	16,140	20,275
Investments	15,325,051	13,038,112
Property, plant and equipment, net	414,024	497,841
Restricted investments	187,295	187,295
	\$ 18,906,315	\$ 17,154,186
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 207,651	\$ 412,002
Accrued payroll and benefits	424,359	400,313
Accrued foster care payments	355,473	350,557
Due to governmental agencies	-	389,283
Estimated liability for rate adjustment and underspending	-	100,000
Total Liabilities	987,483	1,652,155
Net Assets		
Unrestricted		
Operating	1,674,973	1,626,856
Investment in property, plant and equipment	414,024	497,841
Board designated	15,325,051	13,038,112
Total Unrestricted	17,414,048	15,162,809
Temporarily restricted	317,489	151,927
Permanently restricted	187,295	187,295
Total Net Assets	17,918,832	15,502,031
	\$ 18,906,315	\$ 17,154,186

See notes to financial statements

Forestdale, Inc.

Statement of Activities

Year Ended June 30, 2011

(with summarized totals for the year ended June 30, 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
OPERATING INCOME					
Foster boarding homes	\$ 9,011,867	\$ -	\$ -	\$ 9,011,867	\$ 9,730,855
Foster parent support	-	-	-	-	331,837
Aftercare reinvestment	1,016,866	-	-	1,016,866	582,178
Medicaid	2,103,060	-	-	2,103,060	2,052,661
Preparing youth for adulthood	469,369	-	-	469,369	439,186
Preventive services	655,619	-	-	655,619	644,408
Infant mortality reduction	38,475	-	-	38,475	40,675
Forestdale fathering initiative	389,198	-	-	389,198	504,575
Community partnership initiative	-	-	-	-	148,507
Teenage services act	289,131	-	-	289,131	107,628
Contributions and grants (including in-kind of \$98,936 and \$142,855)	204,528	286,052	-	490,580	336,869
Net assets released from restrictions	154,798	(154,798)	-	-	-
Total Operating Income	<u>14,332,911</u>	<u>131,254</u>	<u>-</u>	<u>14,464,165</u>	<u>14,919,379</u>
OPERATING EXPENSES					
Program services	12,846,549	-	-	12,846,549	13,455,751
Supporting services					
Management and general	1,340,042	-	-	1,340,042	1,451,999
Fundraising	150,001	-	-	150,001	76,438
Total Expenses	<u>14,336,592</u>	<u>-</u>	<u>-</u>	<u>14,336,592</u>	<u>14,984,188</u>
Excess (Deficiency) of Operating Income over Operating Expenses	(3,681)	131,254	-	127,573	(64,809)
NON OPERATING INCOME					
Investment return	<u>2,254,920</u>	<u>34,308</u>	<u>-</u>	<u>2,289,228</u>	<u>1,503,786</u>
Change in Net Assets	2,251,239	165,562	-	2,416,801	1,438,977
NET ASSETS					
Beginning of year	<u>15,162,809</u>	<u>151,927</u>	<u>187,295</u>	<u>15,502,031</u>	<u>14,063,054</u>
End of year	<u>\$ 17,414,048</u>	<u>\$ 317,489</u>	<u>\$ 187,295</u>	<u>\$ 17,918,832</u>	<u>\$ 15,502,031</u>

Forestdale, Inc.
Statement of Functional Expenses
Year Ended June 30, 2011
(with summarized totals for the year ended June 30, 2010)

	Program Services										Supporting Services				2011 Total	2010 Total	
	Foster Boarding Homes	Foster Boarding Homes (RIP)	Foster Boarding Homes (RSIT)	Medicaid	Preparing Youth for Adulthood	Preventive Services	Infant Mortality Reduction Program	Forestdale Fathering Initiative	New Yorkers for Children Educational Excellence Initiative	Teenage Services Act Program	Frishman Noble Relyea Scholarship Fund (FNR)	Total Program Services	Management and General	Fundraising			
PERSONNEL																	
Salaries	\$ 2,154,649	\$ 356,758	\$ 194,065	\$ 240,509	\$ 160,215	\$ 351,048	\$ 22,937	\$ 265,220	\$ 29,161	\$ 191,882	\$ -	\$ 3,966,444	\$ 847,198	\$ -	\$ 4,813,642	\$ 5,219,625	
Employee benefits and payroll taxes	645,592	97,906	58,147	72,063	48,005	105,184	6,873	79,045	8,737	57,493	-	1,179,045	253,843	-	1,432,888	1,558,623	
Total Personnel	2,800,241	454,664	252,212	312,572	208,220	456,232	29,810	344,265	37,898	249,375	-	5,145,489	1,101,041	-	6,246,530	6,778,248	
OTHER EXPENSES																	
Children's allowances and pass-thru	4,324,045	-	-	-	51,492	-	-	-	4,228	-	62,601	4,442,366	-	98,936	4,541,302	4,633,358	
Transportation and workers expense	67,705	3,038	21	308	401	3,834	254	598	32	3,088	-	79,279	50,071	161	129,511	146,348	
Purchase of services	269,958	22,621	39,332	32,359	119,233	43,989	1,391	51,628	-	16,716	-	597,227	65,404	22,442	685,073	637,939	
Purchase of health services	-	315	-	1,593,121	-	-	-	-	-	-	-	1,593,436	-	-	1,593,436	1,559,823	
Supplies and equipment	30,705	824	2,299	3,017	5,493	1,824	-	1,298	-	-	-	45,460	4,138	122	49,720	53,555	
Supplies and equipment - medical	-	-	-	186,276	-	-	-	-	-	-	-	186,276	-	-	186,276	179,297	
Rent - furniture and equipment	4,431	251	337	919	323	485	-	-	-	-	-	7,022	1,261	-	8,283	16,567	
Rent - office space	-	-	-	-	-	-	-	24,000	-	-	-	24,000	-	-	24,000	24,000	
Utilities	47,930	2,716	3,649	9,945	3,498	5,242	-	5,930	-	-	-	78,910	13,639	-	92,549	88,019	
Repairs and maintenance	61,707	1,441	1,935	5,274	1,855	2,780	-	4,950	-	-	-	79,942	7,233	-	87,175	98,239	
Telephone	28,236	1,355	1,054	1,306	870	1,907	125	3,834	-	1,261	-	39,948	4,602	-	44,550	45,320	
Postage	6,494	1,731	2,586	110	5,212	95	34	400	-	52	-	16,714	228	19	16,961	43,401	
Dues, licenses and permits	12,239	3,183	3,183	3,183	3,183	679	-	-	-	-	-	25,650	4,905	-	30,555	36,382	
Office supplies	72,798	626	444	786	452	986	65	3,450	-	765	-	80,372	1,937	861	83,170	82,782	
Subscriptions and publications	70	-	-	60	-	-	-	263	-	-	-	393	1,330	40	1,763	1,848	
Conferences	936	-	-	-	-	-	-	7,206	-	-	-	8,142	960	-	9,102	5,310	
Administrative	-	-	-	-	-	-	-	-	-	-	-	-	7,623	-	7,623	-	
Staff development	3,570	-	2,108	-	-	663	-	50	-	68	-	6,459	1,788	2,236	10,483	14,571	
Publicity and recruitment	9,714	-	4,158	10	-	30	100	10	-	40	-	14,062	24,140	1,048	39,250	85,782	
Professional services	177,571	2,601	2,023	2,508	1,670	3,660	239	-	-	2,001	-	192,273	8,833	-	201,106	189,540	
Insurance	79,588	9,216	7,168	8,884	5,918	12,967	847	-	-	7,088	-	131,676	31,293	-	162,969	155,499	
Depreciation	33,792	1,915	2,573	7,011	2,466	3,696	-	-	-	-	-	51,453	9,616	24,136	85,205	108,360	
Total Other Expenses	5,231,489	51,833	72,870	1,855,017	202,126	82,837	3,055	103,893	4,260	31,079	62,601	7,701,060	239,001	150,001	8,090,062	8,205,940	
Total Expenses	\$ 8,031,730	\$ 506,497	\$ 325,082	\$ 2,167,589	\$ 410,346	\$ 539,069	\$ 32,865	\$ 448,158	\$ 42,158	\$ 280,454	\$ 62,601	\$ 12,846,549	\$ 1,340,042	\$ 150,001	\$ 14,336,592	\$ 14,984,188	

See notes to financial statements

Forestdale, Inc.

Statement of Cash Flows

Year Ended June 30, 2011

(with comparative totals for the year ended June 30, 2010)

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,416,801	\$ 1,438,977
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	85,205	108,360
Realized gain on investments	(895,914)	(283,325)
Unrealized gain on investments	(1,088,503)	(908,832)
Changes in operating assets and liabilities		
Due from governmental agencies	198,869	(186,436)
Pledge receivable	(50,000)	-
Prepaid expenses and other assets	4,135	129,055
Accounts payable and accrued expenses	(204,351)	(46,690)
Accrued payroll and benefits	24,046	(19,442)
Accrued foster care payments	4,916	(11,313)
Due to governmental agencies	(389,283)	24,838
Estimated liability for rate adjustment and underspending	<u>(100,000)</u>	<u>-</u>
Net Cash from Operating Activities	<u>5,921</u>	<u>245,192</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,388)	(124,604)
Purchase of investments	(8,923,483)	(6,370,531)
Proceeds from sale of investments	8,877,784	6,157,300
Change in short term investments	<u>(256,823)</u>	<u>56,549</u>
Net Cash from Investing Activities	<u>(303,910)</u>	<u>(281,286)</u>
Net Change in Cash and Cash Equivalents	(297,989)	(36,094)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>882,780</u>	<u>918,874</u>
End of year	<u>\$ 584,791</u>	<u>\$ 882,780</u>
SUPPLEMENTAL INFORMATION		
Disposal of fully depreciated property, plant and equipment	\$ 1,772,025	\$ 21,958

See notes to financial statements

Forestdale, Inc.

Notes to Financial Statements

1. **Organization and Tax Status**

Forestdale, Inc. ("Forestdale") is a not-for-profit organization which provides services to children in the New York metropolitan area. These services include foster boarding homes, preparing youth for adulthood, general preventive services, Forestdale fathering initiative, and teenage services act program, among others.

Forestdale was incorporated in the State of New York and is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code. Forestdale is exempt from New York State income taxes.

2. **Summary of Significant Accounting Policies**

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 reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Forestdale and changes therein are classified as unrestricted, temporarily restricted or permanently restricted.

The purpose of the various net asset classes of Forestdale are as follows:

Unrestricted – support for Forestdale's general operations.

Temporarily Restricted – gifts and grants received that are subject to donor imposed restrictions for certain educational purposes.

Permanently Restricted – net assets resulting from contributions and other inflows of assets whose use by Forestdale is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Forestdale pursuant to those stipulations.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid fixed income investments purchased with an original maturity of three months or less at time of purchase.

Forestdale, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (*continued*)

Fair Value Measurements

Forestdale follows Financial Accounting Standards Board (“FASB”) guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest level of reliance and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments Valuations

Investments are carried at fair value. Certificates of deposit are carried at cost plus accrued interest.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or, if donated, at fair market value on the date of the gift. Forestdale capitalizes all expenditures in excess of \$1,000 for property, plant and equipment. Depreciation and amortization are computed over the estimated useful lives of the assets using the straight line method for financial reporting purposes as follows:

Building and improvements	10-40 years
Furniture and equipment	5-10 years
Equipment under capitalized lease	5 years
Computer software and hardware	3 years
Vehicles	3 years

Contributions and Promises to Give

All contributions, including unconditional promises to give, are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions. 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 are reported in the statement of activities as net assets released from restrictions.

Forestdale, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (*continued*)

Third-Party Reimbursement and Revenue Recognition

Forestdale receives substantially all its revenue for services provided to approved clients from third-party reimbursement agencies, primarily New York City Administration for Children's Services ("ACS") and Medicaid. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediary. Forestdale records an estimated liability to governmental agencies for excess reimbursement over allowable costs and underspending of interim rates. Revenue is recognized from rate-based programs when services are provided (e.g. care days and clinic visits). Contract revenue is recognized as expenses for these programs are incurred to the maximum of the contract award.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain administrative, fundraising and maintenance costs have been allocated among the programs and supporting services.

Summarized Financial Information

The statements of activities and functional expenses include prior year summarized comparative information in total which does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2010 from which the summarized information was derived.

Endowment

On September 17, 2010, New York State adopted the New York Management of Institutional Funds Act (NYPMIFA) to which Forestdale is subject. NYPMIFA includes provisions that differ from previous law, including elimination of the historic dollar value rule with respect to endowment spending, establishment of new standards governing the expenditure and modification of restrictions on endowment funds, and revision of the prudence standard for the management and investment of endowment funds.

Accounting for Uncertainty in Income Taxes

Forestdale recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that Forestdale had no uncertain tax positions that would require financial statement recognition. Forestdale is no longer subject to audits by the applicable taxing jurisdictions for tax periods prior to 2007.

Forestdale, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 24, 2011.

3. Investments

The following are major categories of investments measured at estimated fair value (or cost) as of June 30, 2011 and 2010:

Description	2011		Total
	Level 1	Level 2	
Money market funds	\$ 643,281	\$ -	\$ 643,281
Equity securities			
U.S. equity large cap growth	2,198,407	-	2,198,407
U.S. equity large cap value tax neutral	1,953,523	-	1,953,523
U.S. equity small - mid cap growth	1,061,860	-	1,061,860
U.S. equity small cap value	705,650	-	705,650
International large cap equity	1,268,757	-	1,268,757
Exchange traded funds			
Bond fund	713,628	-	713,628
Commodity fund	658,386	-	658,386
Publicly traded partnerships	49,956	-	49,956
Fixed income			
U.S. treasury bonds and notes	715,831	-	715,831
U.S. government agency obligations	-	2,101,095	2,101,095
Corporate bonds	-	2,970,549	2,970,549
Asset-backed securities	-	452,267	452,267
Total investments at fair value	<u>\$9,969,279</u>	<u>\$5,523,911</u>	15,493,190
Certificate of deposit (at cost)			<u>19,156</u>
Total investments			<u>\$ 15,512,346</u>

Forestdale, Inc.

Notes to Financial Statements

3. Investments (continued)

	2010		
Description	Level 1	Level 2	Total
Money market funds	\$ 386,461	\$ -	\$ 386,461
Equity securities	5,319,318	-	5,319,318
Exchange traded funds	1,227,202	-	1,227,202
Publicly traded partnerships	44,579	-	44,579
Fixed income			
U.S. treasury bonds and notes	838,561	-	838,561
U.S. government agency obligations	-	2,165,625	2,165,625
Corporate bonds	-	2,763,353	2,763,353
Asset-backed securities	-	461,182	461,182
	<u>\$7,816,121</u>	<u>\$5,390,160</u>	13,206,281
 Certificate of deposit (at cost)			<u>19,126</u>
 Total investments			<u>\$ 13,225,407</u>

The composition of investment return as reported in the statement of activities for the year ended June 30 is as follows:

	2011	2010
Interest on cash and cash equivalents	\$ 2,320	\$ 4,947
Interest and dividends	416,431	412,400
Realized and unrealized gain on investments	1,984,417	1,192,157
Investment fees	(113,940)	(105,718)
	<u>\$ 2,289,228</u>	<u>\$ 1,503,786</u>

Forestdale, Inc.

Notes to Financial Statements

4. Property, Plant and Equipment

Property, plant and equipment consist of the following as of June 30:

	2011	2010
Land	\$ 100,868	\$ 100,868
Buildings and improvements	652,191	1,311,815
Furniture and equipment	242,267	1,353,280
Vehicles	34,900	34,900
	1,030,226	2,800,863
Accumulated depreciation	(616,202)	(2,303,022)
	\$ 414,024	\$ 497,841

5. Board Designated Net Assets

Forestdale's Board of Directors designated a portion of the unrestricted net assets to be used for future program operations and capital improvements.

6. Temporarily Restricted Net Assets

Changes in the temporarily restricted net assets consist of the following:

Purpose / Restriction	Balance at June 30, 2010	Additions	Assets Released	Balance at June 30, 2011
Frishman Noble				
Relyea scholarship fund	\$ 101,927	\$ 87,877	\$ (62,601)	\$ 127,203
Teen health clinic	50,000	25,000	-	75,000
New Yorkers for Children				
Education for Excellence	-	100,000	(42,158)	57,842
Forestdale fathering initiative	-	73,373	(50,039)	23,334
Time restriction due to enactment of NYPMIFA (see Note 2)	-	34,110	-	34,110
	\$ 151,927	\$ 320,360	\$ (154,798)	\$ 317,489

7. Permanently Restricted Net Assets

Permanently restricted net assets represent donor restricted contributions to be held in perpetuity, the income from which is expended to support the programs and operations of Forestdale.

Forestdale, Inc.

Notes to Financial Statements

8. Endowment Funds

Interpretation of Law

The Board of Directors of Forestdale has interpreted NYPMIFA as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, and except in those cases where the law allows appropriation for spending of the original gift amounts. As a result of this interpretation, the Board classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment 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 as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Investment Strategy

Forestdale employs a strategic asset allocation strategy with its asset allocations diversified over multiple classes and sub classes. Forestdale's investment objective is for the asset value, exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a time weighted total rate of return in excess of the established medium and long term benchmarks.

Forestdale expects the portfolio's asset allocation to reflect the investment objectives, goals, time horizon, risk tolerances and any investment restrictions that may exist within the policy.

Spending Policy

The spending policy of Forestdale stipulates that 4% of the market value of the investment portfolio may be disbursed annually. These calculations are made on an annual basis.

Forestdale, Inc.

Notes to Financial Statements

8. Endowment Funds (continued)

Spending Policy (continued)

The following is a reconciliation of the board designated and donor-restricted endowment funds for the year ended June 30, 2011:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, beginning of year	\$ 13,038,112	\$ -	\$ 187,295	\$ 13,225,407
Investment income, net	297,949	4,542	-	302,491
Realized/unrealized gain on investments	<u>1,954,880</u>	<u>29,568</u>	<u>-</u>	<u>1,984,448</u>
Balance, end of year	<u>\$ 15,290,941</u>	<u>\$ 34,110</u>	<u>\$ 187,295</u>	<u>\$ 15,512,346</u>

9. Pension Plan

Forestdale has a defined contribution pension plan which covers all employees meeting eligibility requirements. Pension expense was \$367,431 for the year ended June 30, 2011.

10. Economic Dependency

Forestdale is an authorized social service agency under the regulations of the New York State Office of Children and Family Services. Reimbursement rates for the services provided by Forestdale are promulgated by this department and payments for such services are received through various governmental agencies. Forestdale is economically dependent on these funds to continue operations.

11. Concentration of Credit Risk

Financial instruments which potentially subject Forestdale to a concentration of credit risk consist primarily of cash and cash equivalents in excess of FDIC insurance limits. Management believes that credit risk related to these accounts is minimal.

Forestdale, Inc.

Notes to Financial Statements

11. Concentration of Credit Risk (continued)

The investment portfolio is managed by professional investment advisors and managers and with an objective of diversifying by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of market risk.

Forestdale provides program services that are covered under various third party agreements. Receivables from such arrangements totaled \$2,329,014 and \$2,527,883 as of June 30, 2011 and 2010.

The percentage of the total amount due from governmental agencies by third party payor was as follows:

	<u>2011</u>	<u>2010</u>
New York City	83%	84%
Medicaid	<u>17%</u>	<u>16%</u>
	<u>100%</u>	<u>100%</u>