

**LAKES AREA  
YOUTH SERVICE BUREAU, INC.  
REVIEWED FINANCIAL STATEMENTS  
December 31, 2010 and 2009**



563 PHALEN BOULEVARD • ST. PAUL, MN 55130  
phone 651.481.1128 • fax 651.481.0982  
info@hlaccountants.com • www.hlaccountants.com

Mark D. Harrington, CPA  
Wayne A. Langer, CPA  
Nichole Fairbanks, CPA

Gregory W. Heck, CPA, CVA  
Greg L. Emmerich, CPA  
Michael Belknap, CPA

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Lakes Area Youth Service Bureau, Inc.  
Forest Lake, Minnesota

We have reviewed the accompanying statements of financial position of Lakes Area Youth Service Bureau, Inc. (a non-profit organization) as of December 31, 2010 and 2009, and the related statements of activities, cash flows and functional expenses for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Harrington Langer & Associates*  
February 10, 2011

**LAKES AREA YOUTH SERVICE BUREAU, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2010 and 2009

	2010	2009
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 152,587	\$ 119,587
Certificates of deposit	172,811	271,847
Investments	7,749	7,110
Accounts receivable	8,780	18,232
Prepaid expenses	2,286	2,282
<b>TOTAL CURRENT ASSETS</b>	<b>344,213</b>	<b>419,058</b>
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Leasehold improvements	155,301	154,806
Furniture and equipment	92,632	76,373
	247,933	231,179
Less: accumulated depreciation	(223,779)	(217,835)
<b>TOTAL PROPERTY AND EQUIPMENT, net</b>	<b>24,154</b>	<b>13,344</b>
<b>OTHER ASSETS</b>		
Certificates of deposit	100,000	-
Investments	70,648	50,965
<b>TOTAL OTHER ASSETS</b>	<b>170,648</b>	<b>50,965</b>
<b>TOTAL ASSETS</b>	<b>\$ 539,015</b>	<b>\$ 483,367</b>

	<u>2010</u>	<u>2009</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 6,890	\$ 1,500
Accrued expenses:		
Wages	5,028	5,408
Vacation	18,211	16,479
Other	<u>2,053</u>	<u>1,443</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>32,182</u>	<u>24,830</u>
<b>OTHER LIABILITIES</b>		
Deferred compensation	<u>7,749</u>	<u>7,110</u>
<b>TOTAL LIABILITIES</b>	<u>39,931</u>	<u>31,940</u>
<b>NET ASSETS</b>		
Unrestricted:		
Designated	124,569	128,914
Undesignated	<u>254,313</u>	<u>246,932</u>
Total unrestricted	378,882	375,846
Temporarily restricted	<u>120,202</u>	<u>75,581</u>
<b>TOTAL NET ASSETS</b>	<u>499,084</u>	<u>451,427</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 539,015</u></u>	<u><u>\$ 483,367</u></u>

**LAKES AREA YOUTH SERVICE BUREAU, INC.**

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2010

(With comparative totals for 2009)

	Unrestricted	Temporarily Restricted	Total 2010	Total 2009
<b>SUPPORT AND REVENUE</b>				
Program Revenue:				
Counties	\$ 61,450	\$ -	\$ 61,450	\$ 87,150
Municipalities	38,680	-	38,680	43,930
Schools	4,537	-	4,537	-
State of Minnesota	82,027	-	82,027	84,271
Client fees paid	57,416	-	57,416	53,157
Support:				
Contributions	65,086	22,882	87,968	84,506
Foundation grants	32,583	22,917	55,500	23,250
United Way	34,961	-	34,961	34,961
In-kind donations	48,625	-	48,625	37,814
Other Income:				
Interest income	12,660	-	12,660	12,658
Special events, net of expenses of \$8,744 and \$5,283, respectively	16,045	-	16,045	17,351
Miscellaneous	9,243	-	9,243	12,136
Net assets released from restrictions	1,178	(1,178)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>464,491</b>	<b>44,621</b>	<b>509,112</b>	<b>491,184</b>
<b>EXPENSES</b>				
Program services	391,417	-	391,417	398,885
General and administrative	42,458	-	42,458	33,615
Fundraising and development	27,580	-	27,580	35,952
<b>TOTAL EXPENSES</b>	<b>461,455</b>	<b>-</b>	<b>461,455</b>	<b>468,452</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,036</b>	<b>44,621</b>	<b>47,657</b>	<b>22,732</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>375,846</b>	<b>75,581</b>	<b>451,427</b>	<b>428,695</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 378,882</b>	<b>\$ 120,202</b>	<b>\$ 499,084</b>	<b>\$ 451,427</b>

See accompanying notes and independent accountant's review report

**LAKES AREA YOUTH SERVICE BUREAU, INC.**

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Program Revenue:			
Counties	\$ 87,150	\$ -	\$ 87,150
Municipalities	43,930	-	43,930
State of Minnesota	84,271	-	84,271
Client fees paid	53,157	-	53,157
Support:			
Contributions	52,920	31,586	84,506
Foundation grants	23,250	-	23,250
United Way	34,961	-	34,961
In-kind donations	37,814	-	37,814
Other Income:			
Interest income	12,658	-	12,658
Special events, net of expenses of \$5,283	17,351	-	17,351
Miscellaneous	12,136	-	12,136
Net assets released from restrictions	-	-	-
	<u>459,598</u>	<u>31,586</u>	<u>491,184</u>
<b>EXPENSES</b>			
Program services	398,885	-	398,885
General and administrative	33,615	-	33,615
Fundraising and development	35,952	-	35,952
	<u>468,452</u>	<u>-</u>	<u>468,452</u>
<b>CHANGE IN NET ASSETS</b>	<b>(8,854)</b>	<b>31,586</b>	<b>22,732</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>384,700</u>	<u>43,995</u>	<u>428,695</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 375,846</u>	<u>\$ 75,581</u>	<u>\$ 451,427</u>

**LAKES AREA YOUTH SERVICE BUREAU, INC.**

**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2010 and 2009

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 47,657	\$ 22,732
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,944	5,394
Interest reinvested	(3,312)	(1,565)
Unrealized investment gain	(6,402)	(6,072)
Donated equipment	(8,619)	-
Change in:		
Accounts receivable	9,452	7,178
Prepaid expenses	(4)	4
Accounts payable	5,390	(414)
Accrued expenses	1,962	(14,534)
Deferred compensation	639	940
	<u>52,707</u>	<u>13,663</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(11,573)	(21,429)
Purchase of property and equipment	(8,134)	(1,250)
	<u>(19,707)</u>	<u>(22,679)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	33,000	(9,016)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>119,587</u>	<u>128,603</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 152,587</u>	<u>\$ 119,587</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:</b>		
	2010	2009
Furniture and equipment received by donation	<u>\$ 8,619</u>	<u>\$ -</u>

See accompanying notes and independent accountant's review report

**LAKES AREA YOUTH SERVICE BUREAU, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2010  
(With comparative totals for 2009)

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total 2010</u>	<u>Total 2009</u>
Salaries	\$ 225,238	\$ 24,432	\$ 11,452	\$ 261,122	\$ 277,232
Payroll taxes	20,685	2,244	1,052	23,981	25,928
Employee benefits	27,761	3,011	1,411	32,183	28,652
 Total personnel costs	 273,684	 29,687	 13,915	 317,286	 331,812
 Contracted services	 25,268	 2,741	 8,965	 36,974	 33,674
Insurance	5,842	634	297	6,773	5,669
Supplies	6,839	742	348	7,929	6,579
Travel	2,218	241	113	2,572	3,459
Training	727	79	37	843	4,004
Meetings	2,743	298	139	3,180	2,217
Dues and memberships	1,501	163	76	1,740	2,068
Printing	10,611	1,151	539	12,301	13,504
Postage	2,482	269	126	2,877	3,797
Equipment maintenance	13,020	1,412	662	15,094	8,380
Building rents	2,950	320	150	3,420	3,324
In-kind rents	28,896	3,134	1,469	33,499	33,500
Depreciation	5,127	556	261	5,944	5,394
Repairs and maintenance	583	63	30	676	623
Utilities	6,548	710	333	7,591	8,676
Miscellaneous	2,377	258	121	2,756	1,772
 Total expenses	 <u>\$ 391,417</u>	 <u>\$ 42,458</u>	 <u>\$ 27,580</u>	 <u>\$ 461,455</u>	 <u>\$ 468,452</u>

See accompanying notes and  
independent accountant's review report

**LAKES AREA YOUTH SERVICE BUREAU, INC.****STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2009

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries	\$ 241,085	\$ 20,317	\$ 15,830	\$ 277,232
Payroll taxes	22,547	1,900	1,481	25,928
Employee benefits	24,916	2,100	1,636	28,652
Total personnel costs	288,548	24,317	18,947	331,812
Contracted services	20,796	1,753	11,125	33,674
Insurance	4,930	415	324	5,669
Supplies	5,721	482	376	6,579
Travel	3,008	253	198	3,459
Training	3,482	293	229	4,004
Meetings	1,928	162	127	2,217
Dues and memberships	1,798	152	118	2,068
Printing	11,743	990	771	13,504
Postage	3,302	278	217	3,797
Equipment maintenance	7,287	614	479	8,380
Building rents	2,891	244	189	3,324
In-kind rents	29,132	2,455	1,913	33,500
Depreciation	4,691	395	308	5,394
Repairs and maintenance	542	46	35	623
Utilities	7,545	636	495	8,676
Miscellaneous	1,541	130	101	1,772
Total expenses	<u>\$ 398,885</u>	<u>\$ 33,615</u>	<u>\$ 35,952</u>	<u>\$ 468,452</u>

**LAKES AREA YOUTH SERVICE BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Organizational Purpose**

Lakes Area Youth Service Bureau, Inc. (the Organization and LAYSB) is a non-profit organization whose mission is to “Ensure the Success of Youth.” Its goal is to strengthen relationships, increase a youth’s sense of belonging and worth, and help them to develop a sense of mastery by focusing on multiple supportive relationships with adults and peers, creating meaningful opportunities for involvement and membership, and providing challenging and engaging activities and learning experiences in a safe, nurturing environment.

LAYSB provides a holistic array of supports that have been proven, through evidence-based research, to contribute to improved long-term outcomes (Youth Development Strategies Inc.) in adulthood including economic self-sufficiency, healthy family and social relationships, and community involvement. Successful program participants will have the resiliency to "bounce back from life's challenges" with a "growing sense of healthy identity." Building resilient youth and families involves building skills and creating positive connections with the larger community. At LAYSB, youth will develop stronger community connections, understand the impact of their actions and behavior, and build a stronger sense of self by learning new skills and enjoy positive, supervised experiences.

**LAYSB Teen Enrichment and Leadership Programs** include afterschool, summer and volunteer opportunities. Two Youth Advisory Boards help staff identify service gaps and opportunities as well as plan and implement projects. Teens participate in guided, but teen lead, service opportunities which include working with younger children as program counselors at Safety Camp, community collaboration leading activities for children at local libraries and Children’s First clubs, and advocating for tobacco free parks and other important community concerns. Younger teens participate in the Job Connections program assisting senior citizens and handicapped adults with household chores. After-school enrichment activities occur year-round, with an emphasis on building healthy relationships, relevant learning and meaningful involvement. Activities include Coffee Talk, Art Talk and Life Talk (teenage girls discuss topics and/or create art with adult women volunteers), lock-in nights for junior high school youth and other activities such as pool tournaments and fishing outings. LAYSB helps youth develop positive relationships through “Making Connections,” a formal mentoring program, “Hidden Heroes,” an e-mentoring program, and “organic” mentoring where youth and positive adult role models develop a special bond through LAYSB enrichment activities.

**LAKES AREA YOUTH SERVICE BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**LAYSB Youth Community Justice Program** engages the community in dealing with youth misconduct that would otherwise result in a visit to court. The process involves the youth, parents, victims and/or community representatives. Youth agree to accept responsibility for their actions and a plan is developed. The plan may include educational classes, restitution, community service, peer groups, parenting classes, counseling and participation in LAYSB enrichment programming. Formal curriculum and classes are offered to at-risk youth on topics including chemical use, tobacco use, anger issues, and decision making.

**LAYSB Youth Mediation Services** are based on the Restorative Justice Circle model. These circle meetings bring together victims of offenses with their offenders along with other involved parties, teachers, administration, and parents. All participants are allowed to speak and resolutions are sought for each case.

**LAYSB Strengthening Families Programs** include mental health therapy and parenting services. Through counseling, professional counselors work with youth and their families to address immediate issues and to develop communication and coping skills that will contribute to future stability, healthier and more supportive relationships, and the ability to make positive changes on their own. Parenting programs include accessible timely and relevant support for parents of children, ages 10-17. Parents can access support through one-time workshops, ongoing classes, support groups, and telephone and walk-in consultations.

**Support and Expenses**

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor restricted revenue whose restrictions are met in the same reporting period, are reported as unrestricted support.

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

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

**LAKES AREA YOUTH SERVICE BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Donated Services and Materials**

Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments with an original maturity of less than three months to be cash equivalents.

**Accounts Receivable**

Bad debts are recorded on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. At December 31, 2010 and 2009, management considered all outstanding amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

**Investments**

Investments are presented in the financial statements at fair market value.

**Property and Equipment**

All expenditures of \$500 or more for equipment and leasehold improvements and fair market value of donated assets are capitalized. It is the Organization's policy to provide depreciation based on the estimated useful lives of the equipment and leasehold improvements using the straight-line method. The useful lives are as follows:

	<u>Years</u>
Furniture and equipment	3-7
Leasehold improvements	10

**Functional Allocation of Expenses**

Expenses are allocated to program and support services directly when possible and indirectly using predetermined percentages derived from payroll statistics.

**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 and disclosures in these financial statements. Actual results could differ from those estimates.

**LAKES AREA YOUTH SERVICE BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Tax Exempt Status**

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an Organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible.

**Government Grants and Contracts**

Government grants and contract funds are recorded as revenue when earned as an exchange transaction. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 10, 2011, the date the financial statements were available to be issued.

**NOTE 2. SIGNIFICANT CONCENTRATIONS OF CREDIT RISK**

The Organization provides services within a three county region of the northern Twin Cities. Receivables are from local residents, governments, and institutions and are considered fully collectible. All receivables are unsecured.

The Organization maintains its cash balances with various local financial institutions. At December 31, 2010 and 2009, the balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2010 and 2009, the Organization had no uninsured cash balances.

**NOTE 3. MAJOR SOURCES OF SUPPORT AND REVENUE**

During the years ended December 31, 2010 and 2009, the major sources of support and revenue (as a percentage of total support and revenue) were as follows:

	<u>2010</u>	<u>2009</u>
Washington County	11%	16%
State of Minnesota	16%	17%

**LAKES AREA YOUTH SERVICE BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. DESIGNATED UNRESTRICTED NET ASSETS**

Board designated unrestricted net assets consisted of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Capital / equipment needs	\$ 36,021	\$ 40,366
Building repairs / replacement, other	80,548	80,548
New program development	<u>8,000</u>	<u>8,000</u>
 Total	 <u>\$ 124,569</u>	 <u>\$ 128,914</u>

**NOTE 5. TEMPORARILY RESTRICTED NET ASSETS**

At December 31, 2010 and 2009, temporarily restricted net assets consisted of the following:

	<u>2010</u>	<u>2009</u>
New program development and expansion	\$ 69,797	\$ 50,965
Teen recovery program	22,917	-
Time restricted, general operating	<u>27,488</u>	<u>24,516</u>
	 <u>\$ 120,202</u>	 <u>\$ 75,481</u>

**NOTE 6. CERTIFICATES OF DEPOSIT**

At December 31, 2010 and 2009, the Organization had certificates of deposit totaling \$272,811 and \$271,847, respectively. These certificates of deposit mature through September 2015, and earn interest ranging from 1.1% to 2.4%.

**LAKES AREA YOUTH SERVICE BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. INVESTMENTS**

Generally Accepted Accounting Principles (GAAP) provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GAAP are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As of December 31, 2010 and 2009, the Organization’s investments all fall within level 1 of the fair value hierarchy.

Investments at December 31, 2010 and 2009 are recorded at fair value and consisted of the following:

	2010	2009
Mutual funds	\$ 7,749	\$ 7,110
St. Croix Foundation	70,648	50,965
Total	\$ 78,397	\$ 58,075

**LAKES AREA YOUTH SERVICE BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8. IN-KIND CONTRIBUTIONS**

At December 31, 2010 and 2009, in-kind contributions consisted of the following:

	2010	2009
Rent	\$ 33,500	\$ 33,500
Furniture and equipment	8,619	-
Computer consultants	6,506	4,314
 Total	 \$ 48,625	 \$ 37,814

The Organization's facilities leased are through the City of Forest Lake (see Note 9) are at below market rates. Management has recorded in-kind contributions and an offsetting rent expense of \$33,500 for both years ended December 31, 2010 and 2009, to reflect the impact to its operations of leased space at prevailing market rates, estimated at \$8.00 per square foot.

**NOTE 9. LEASE COMMITMENTS**

The Organization leases its main office facilities in Forest Lake from the City of Forest Lake. The lease called for monthly payments of base rents at approximately \$277 per month. The lease with the City of Forest Lake was on a month-to-month basis going forward.

Rents paid under the above leases totaled \$3,420 and \$3,324 for the years ended December 31, 2010 and 2009, respectively.

The Organization began leasing certain office equipment under a non-cancelable operating lease expiring through December 2014. Future minimum lease payments on the above operating lease at December 31, 2010 are as follows:

Year ending December 31,	Amount
2011	\$ 5,508
2012	5,508
2013	5,508
2014	5,508
	\$ 22,032

**LAKES AREA YOUTH SERVICE BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. LEASE COMMITMENTS (continued)**

Total rent expense on the above office equipment lease reflected in the Organization's activities amounted to approximately \$5,700 and \$5,900 for the years ended December 31, 2010 and 2009, respectively.

**NOTE 10. RETIREMENT PLAN**

The Organization's employees who meet certain age and service requirements are eligible to participate in the Organization's 401(k) retirement plan. The Organization contributes up to 2.5% of a qualified employee's salary to the plan. For the years ended December 31, 2010 and 2009, the Organization contributed \$5,153 and \$6,162, respectively, to the plan.

**NOTE 11. DEFERRED COMPENSATION**

The Organization has established a deferred compensation arrangement pursuant to Section 457(b) of the Internal Revenue Code for a key executive employee. There was no deferred compensation expense for the years ended December 31, 2010 and 2009.