

**THE HAVENWOOD-HERITAGE  
HEIGHTS TRUST FUND**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**

## TABLE OF CONTENTS

	<u>Page</u>
Independent auditors' report .....	1
Statements of financial position.....	2
Statements of activities .....	3
Statements of cash flows.....	5
Notes to financial statements .....	6

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
The Havenwood-Heritage Heights Trust Fund

We have audited the accompanying statements of financial position of The Havenwood-Heritage Heights Trust Fund (the "Trust Fund") as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Trust Fund'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. 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, such financial statements present fairly, in all material respects, the financial position of The Havenwood-Heritage Heights Trust Fund at December 31, 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.

HESSION & PARR, P.C.

April 19, 2010

**THE HAVENWOOD-HERITAGE  
HEIGHTS TRUST FUND**

**STATEMENTS OF FINANCIAL POSITION**

**As of December 31, 2009 and 2008**

	<b>ASSETS</b>	
	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 179,319	\$ 139,054
Interest receivable	30,545	50,154
Investments - pooled	10,317,898	7,839,541
Investments - charitable gift annuities	1,300,177	1,283,622
Land and property, net	<u>774,992</u>	<u>8,272</u>
Total assets	<u>\$ 12,602,931</u>	<u>\$ 9,320,643</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Loan payable	\$ 2,108,078	\$ 2,108,078
Obligations for future annuity payments	928,248	987,820
Accounts payable - affiliate	42,626	63,940
Accrued interest payable	4,792	-
Long-term debt	<u>575,000</u>	<u>-</u>
Total liabilities	<u>3,658,744</u>	<u>3,159,838</u>
Net assets		
Unrestricted net assets	<u>3,313,171</u>	<u>2,424,137</u>
Temporarily restricted net assets		
Restricted for resident support	5,079,675	3,276,482
Restricted for charitable gift annuity program	371,931	295,805
Restricted for specific purposes	<u>21,403</u>	<u>6,374</u>
Total temporarily restricted net assets	<u>5,473,009</u>	<u>3,578,661</u>
Permanently restricted net assets		
Restricted for resident support	125,832	125,832
Restricted for specific purposes	<u>32,175</u>	<u>32,175</u>
Total permanently restricted net assets	<u>158,007</u>	<u>158,007</u>
Total net assets	<u>8,944,187</u>	<u>6,160,805</u>
Total liabilities and net assets	<u>\$ 12,602,931</u>	<u>\$ 9,320,643</u>

See notes to financial statements.

THE HAVENWOOD-HERITAGE  
HEIGHTS TRUST FUND

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>		<u>Restricted for Specific Purposes</u>	<u>Permanently Restricted</u>		<u>Total</u>
		<u>Restricted for Resident Support</u>	<u>Restricted for Gift Annuities</u>	<u>Restricted for Specific Purposes</u>	<u>Restricted for Resident Support</u>	<u>Restricted for Specific Purposes</u>	
Support and revenue							
Contributions and bequests	\$ -	\$ 523,175	\$ 19,714	\$ -	\$ -	\$ -	\$ 542,889
Investment income	110,811	174,102	35,182	1,792	-	-	321,887
Net realized losses on investments	(106,384)	(167,146)	(86,298)	(1,720)	-	-	(361,548)
Net unrealized gains on investments	985,498	1,548,372	282,910	15,937	-	-	2,832,717
Change in value of gift annuity agreements	-	-	75,064	-	-	-	75,064
Reclassification of net assets							
Satisfaction of annuity restrictions	6,759	20,146	(26,905)	-	-	-	-
Satisfaction of income restrictions	200,250	(200,250)	-	-	-	-	-
Total support and revenue	<u>1,196,934</u>	<u>1,898,399</u>	<u>299,667</u>	<u>16,009</u>	<u>-</u>	<u>-</u>	<u>3,411,009</u>
Expenses							
Support of residents and community	200,250	-	-	-	-	-	200,250
Contribution to affiliate	6,759	-	-	-	-	-	6,759
Distribution to annuitants	1,725	-	213,150	-	-	-	214,875
Administrative support expenses	33,515	52,660	-	542	-	-	86,717
Investment management fees	27,080	42,546	10,391	438	-	-	80,455
Interest expense	30,291	-	-	-	-	-	30,291
Depreciation	8,280	-	-	-	-	-	8,280
Total expenses	<u>307,900</u>	<u>95,206</u>	<u>223,541</u>	<u>980</u>	<u>-</u>	<u>-</u>	<u>627,627</u>
Excess of support and revenue over expenses	889,034	1,803,193	76,126	15,029	-	-	2,783,382
Net assets, beginning of year	<u>2,424,137</u>	<u>3,276,482</u>	<u>295,805</u>	<u>6,374</u>	<u>125,832</u>	<u>32,175</u>	<u>6,160,805</u>
Net assets, end of year	<u>\$ 3,313,171</u>	<u>\$ 5,079,675</u>	<u>\$ 371,931</u>	<u>\$ 21,403</u>	<u>\$ 125,832</u>	<u>\$ 32,175</u>	<u>\$ 8,944,187</u>

See notes to financial statements.

THE HAVENWOOD-HERITAGE  
HEIGHTS TRUST FUND

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2008

	Unrestricted	Restricted for Resident Support	Temporarily Restricted for Gift Annuities	Restricted for Specific Purposes	Permanently Restricted for Resident Support	Restricted for Specific Purposes	Total
Support and revenue							
Contributions and bequests	\$ -	\$ 135,617	\$ 57,827	\$ -	\$ -	\$ -	\$ 193,444
Investment income	156,620	233,124	64,265	2,489	-	-	456,498
Net realized gains (losses) on investments	(172,078)	(256,133)	101,994	(2,735)	-	-	(328,952)
Net unrealized (losses) on investments	(1,024,004)	(1,524,195)	(543,246)	(16,275)	-	-	(3,107,720)
Change in value of gift annuity agreements	-	-	152,126	-	-	-	152,126
Reclassification of net assets							
Satisfaction of annuity restrictions	53,684	82,962	(136,646)	-	-	-	-
Satisfaction of income restrictions	218,067	(218,067)	-	-	-	-	-
Total support and revenue	(767,711)	(1,546,692)	(303,680)	(16,521)	-	-	(2,634,604)
Expenses							
Support of residents and community	218,067	-	-	-	-	-	218,067
Contribution to affiliate	53,685	-	-	-	-	-	53,685
Distribution to annuitants	1,476	-	232,714	-	-	-	234,190
Administrative support expenses	34,039	52,171	-	541	-	-	86,751
Investment management fees	26,176	38,962	14,354	416	-	-	79,908
Interest expense	71,679	-	-	-	-	-	71,679
Total expenses	405,122	91,133	247,068	957	-	-	744,280
Deficit of support and revenue over expenses	(1,172,833)	(1,637,825)	(550,748)	(17,478)	-	-	(3,378,884)
Net assets, beginning of year	3,596,970	4,914,307	846,553	23,852	125,832	32,175	9,539,689
Net assets, end of year	\$ 2,424,137	\$ 3,276,482	\$ 295,805	\$ 6,374	\$ 125,832	\$ 32,175	\$ 6,160,805

See notes to financial statements.

**THE HAVENWOOD-HERITAGE  
HEIGHTS TRUST FUND**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Excess of support and revenue over expenses	\$ 2,783,382	\$ (3,378,884)
Adjustments to reconcile excess of support and revenue over expenses to net cash used in operating activities		
Depreciation	8,280	-
Realized losses on investments	361,548	328,952
Unrealized (gains) losses on investments	(2,832,717)	3,107,720
Reinvested income	(228,591)	(364,232)
(Increase) decrease in interest receivable	19,609	(21,004)
Increase (decrease) in due to affiliate	(21,314)	63,834
Increase in accrued interest payable	4,792	-
	<u>94,989</u>	<u>(263,614)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Net proceeds from investments	204,848	396,903
Purchase of property	(200,000)	-
	<u>4,848</u>	<u>396,903</u>
Net cash provided by investing activities		
Cash flows from financing activities		
Net cash paid on annuities	(59,572)	(99,952)
	<u>40,265</u>	<u>33,337</u>
Increase in cash and cash equivalents		
Cash and cash equivalents, beginning of year	<u>139,054</u>	<u>105,717</u>
Cash and cash equivalents, end of year	<u>\$ 179,319</u>	<u>\$ 139,054</u>
Supplemental disclosures of cash flow information		
Interest paid	<u>\$ 25,499</u>	<u>\$ 71,679</u>
Acquisition of property		
Purchase of property	\$ 775,000	\$ -
Amount financed	(575,000)	-
Cash paid for property	<u>\$ 200,000</u>	<u>\$ -</u>
See notes to financial statements.		

**THE HAVENWOOD-HERITAGE  
HEIGHTS TRUST FUND**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. ORGANIZATION AND BASIS OF PRESENTATION**

**Organization**

The Havenwood-Heritage Heights Trust Fund (the "Trust Fund") was established on August 16, 1982 for the purpose of meeting the minimum needs of residents of the United Church of Christ Retirement Community, Inc. (known as the "Community" or "Affiliate" or "UCCRC") and for general support of the Community. Requests for funds from the Trust Fund are made by the Board of Directors of the Community (the "Community Board"), and payment is made at the discretion of the trustees of the Trust Fund (the "trustees"). The Trust Fund has received an exemption from federal income taxes from the Internal Revenue Service and is registered as a charitable trust with the State of New Hampshire. Contributions, bequests, legacies, devises, gifts, or transfers to the Trust Fund by any person, firm, association, entity, or corporation are deductible for estate, gift, and income tax purposes.

The trustees of the Trust Fund elect their own members and may be members of the Community Board.

**Community interest in trust fund net assets**

In fiscal 2000, the Community adopted the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification (ASC) 958-30 and subsections. This Topic requires that a beneficiary shall recognize its rights to the assets held by a recipient organization as an asset unless the recipient organization is explicitly granted variance power. Management of the Community and the Trust Fund have determined that the Trust Fund has not explicitly been granted variance power and, therefore, the Community's interest in the net assets of the Trust Fund have been recognized in the Community's financial statements.

**Basis of presentation**

The accompanying financial statements have been prepared on the accrual basis and in accordance with the Not-for-Profit Entities Topic of the ASC 958-205 and subsections.

**THE HAVENWOOD-HERITAGE  
HEIGHTS TRUST FUND**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. ORGANIZATION AND BASIS OF PRESENTATION (concluded)**

**Basis of presentation (concluded)**

This Topic establishes standards for general-purpose external financial statements of not-for-profit organizations, including a statement of financial position, a statement of activities and a statement of cash flows. This Topic further requires classification of net assets and its revenues, expenses, gains and losses into three categories, based on the existence or absence of externally imposed restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The categories are defined as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Net assets whose use is limited by law or donor-imposed stipulations that will either expire with the passage of time or be fulfilled or removed by actions of the Trust Fund.

Permanently Restricted – Reflects the historical cost of gifts (and in certain circumstances, the earnings from those gifts), subject to donor-imposed stipulations, which require the corpus to be invested in perpetuity to produce income for general or specific purposes.

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Investments**

The Trust Fund has adopted the Not-for-Profit Entities Topic of the ASC 958-320 and ASC 820-10. These Topics require that certain investments be recorded at their fair market values based on an established framework within GAAP.

With the exception of investments for its charitable gift annuity program, the Trust Fund utilizes a pooled investment fund basis of managing its investments.

**Property**

Property is recorded at cost and depreciated using the straight-line method over 39 years.

**THE HAVENWOOD-HERITAGE  
HEIGHTS TRUST FUND**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

**Contributions**

The Trust Fund has adopted provisions of the Not-for-Profit Entities Topic of the ASC 958-310 and subsections which requires that contributions received are recognized as restricted support and unrestricted support in the period received and as assets, decreases in liabilities or expenses, depending on the form of benefits received, and are measured at their fair values.

**Cash and cash equivalents**

For the purpose of the statements of cash flows, cash and cash equivalents consist of demand deposits and highly liquid investments with an initial maturity of three months or less.

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

**Note 3. POOLED INVESTMENTS**

Pooled investments consisted of the following at December 31:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Marketable equities	\$5,335,385	\$6,417,297	\$ 5,204,630	\$ 4,208,587
Commercial securities	2,094,876	2,262,423	1,811,859	1,790,577
Mutual funds	1,516,288	1,177,552	1,847,487	1,258,527
Municipal bonds	200,000	213,408	200,000	199,986
Preferred stock	150,000	169,440	150,000	151,080
Cash	<u>77,778</u>	<u>77,778</u>	<u>230,784</u>	<u>230,784</u>
Total	<u>\$9,374,327</u>	<u>\$10,317,898</u>	<u>\$ 9,444,760</u>	<u>\$ 7,839,541</u>

**THE HAVENWOOD-HERITAGE  
HEIGHTS TRUST FUND**

**NOTES TO FINANCIAL STATEMENTS**

**Note 4. SPLIT INTEREST AGREEMENTS**

The Community established a charitable gift annuity program in 1987 whereby donors may transfer assets to the Trust Fund in exchange for the right to receive an annuity during the donors' lifetime and/or the lifetime of a specified beneficiary. These split interest agreements with donors consist primarily of charitable gift annuities and irrevocable charitable remainder trusts for which the Trust Fund serves as trustee. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements. During 1999, New Hampshire legislation took effect that required the annuity rate to comply with age-adjusted rates set by the American Council on Gift Annuities.

When a donor contributes assets for a split interest agreement, the difference between the amount contributed and the present value of future annuity payments is recognized as temporarily restricted income at the date of the agreement. The present value is recognized as a liability for future annuity payments. The present value is determined using published life expectancy tables and the applicable federal rate published monthly in Internal Revenue Service Rulings.

The annuity liability is revalued annually based upon the recalculated present value that uses the current age of the annuitants and the original discount rate for each annuity contract. Distributions paid and income earned on annuity investments are recorded as changes in the liability and increases or decreases in the temporarily restricted net asset class in the statement of activities.

Upon the death of the annuitant, the funds are transferred to the pooled investments of the Trust Fund and/or directly to the Community under the restrictions specified by the donor.

As of December 31, 2008, charitable gift annuity investments in the amount of \$149,454, was part of a deposit agreement between Citizens Bank of New Hampshire and the State of New Hampshire Department of Labor in conjunction with a self-insured workers' compensation plan for the Community. As of December 31, 2009, these funds had been released from the deposit agreement.

**THE HAVENWOOD-HERITAGE  
HEIGHTS TRUST FUND**

**NOTES TO FINANCIAL STATEMENTS**

**Note 4. SPLIT INTEREST AGREEMENTS (concluded)**

Investments for the charitable gift annuity program consisted of the following at December 31:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Equity securities	\$ 884,069	\$ 948,756	\$ 342,374	\$ 286,643
Mutual funds	287,848	297,692	964,789	812,140
Investment cash	<u>53,729</u>	<u>53,729</u>	<u>184,839</u>	<u>184,839</u>
Total	<u>\$1,225,646</u>	<u>\$1,300,177</u>	<u>\$ 1,492,002</u>	<u>\$ 1,283,622</u>

**Note 5. PROPERTY**

During 2009, the Trust Fund and CFM Building Associates, LLC, formerly known as Concord Family Medicine Building Associates ("CFM"), agreed to the termination of the lease, dated February 16, 1983 as amended, in connection with the real estate located at 141 East Side Drive. Pursuant to the terms of the lease, the Trust Fund paid \$775,000 for the leasehold improvements to said premises. At December 31, 2009 there was accumulated depreciation of \$8,280 in relation to said leasehold improvements.

**Note 6. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available for the following purposes as of December 31:

	<u>2009</u>	<u>2008</u>
Financial support of Community residents	\$5,079,675	\$3,276,482
Charitable gift annuity program	371,931	295,805
Other specific purposes benefiting residents	<u>21,403</u>	<u>6,374</u>
Total	<u>\$ 5,473,009</u>	<u>\$ 3,578,661</u>

**THE HAVENWOOD-HERITAGE  
HEIGHTS TRUST FUND**

**NOTES TO FINANCIAL STATEMENTS**

**Note 7. RELATED-PARTY TRANSACTIONS**

**Management fees**

The Trust Fund has no employees. It reimburses the Community for financial, administrative, and fund development services. The amounts paid to the Community for these services were \$75,000 in 2009 and 2008.

At December 31, 2009 and 2008, the Trust Fund owed the Community \$42,626 and \$63,940, respectively, for resident support related matters.

**Note 8. REVOLVING CREDIT LOAN**

On August 18, 2006, the Trust Fund entered into an agreement with a national banking association ("Bank") to refinance their existing revolving credit loan agreement up to \$4,500,000 which matures in five years from the date of closing. These funds are for the purpose of supporting the construction of expanding housing units by the Community. Borrowings under the credit loan bear interest equal to the (1) month LIBOR rate plus .50% (.73% at December 31, 2009), and are collateralized by the Trust Fund's unrestricted investments. At December 31, 2009 and 2008, \$2,108,078 was outstanding on the credit loan.

**Note 9. LONG-TERM DEBT**

The Trust Fund's long-term debt consists of the following at December 31:

	<u>2009</u>	<u>2008</u>
Five year note payable to CFM Building Associates, LLC dated July 29, 2009, in the original amount of \$575,000. Quarterly installments of interest at 5% plus annual installments of principal for \$50,000 are required through August 2014. The loan is secured by real property located in Concord, New Hampshire.	\$ 575,000	\$ -
Less current maturities	<u>50,000</u>	<u>-</u>
Long-term debt	<u>\$ 525,000</u>	<u>\$ -</u>

**THE HAVENWOOD-HERITAGE  
HEIGHTS TRUST FUND**

**NOTES TO FINANCIAL STATEMENTS**

**Note 9. LONG-TERM DEBT (concluded)**

The following is a summary of maturities due on long-term debt as of December 31, 2009:

<u>Year</u>	<u>Amount</u>
2010	\$ 50,000
2011	50,000
2012	50,000
2013	50,000
2014	<u>375,000</u>
Total	<u>\$ 575,000</u>

**Note 10. FAIR VALUE MEASUREMENTS**

The Trust Fund has adopted fair value measurements, as required by the Fair Value Measurements and Disclosures Topic of the ASC 820-10 and subsections, which provides a framework for measuring fair value under generally accepted accounting principles. This Topic applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in this Topic, fair value is 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. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange market. Level 1 also includes U.S. Treasury and federal agency securities, which are traded by dealers or brokers in active markets. Valuations are obtained by readily available pricing sources for market transactions involving identical assets and liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

**THE HAVENWOOD-HERITAGE  
HEIGHTS TRUST FUND**

**NOTES TO FINANCIAL STATEMENTS**

**Note 10. FAIR VALUE MEASUREMENTS (concluded)**

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Fair values of assets measured on a recurring basis at December 31, 2009 and 2008 are as follows:

<b>December 31, 2009</b>	<b><u>Fair Value</u></b>	<b><u>Level 1</u></b>
Investments – pooled	\$10,317,898	\$10,317,898
Investments-charitable gift annuities	<u>1,300,177</u>	<u>1,300,177</u>
Total	<u>\$ 11,618,075</u>	<u>\$ 11,618,075</u>
<b>December 31, 2008</b>		
Investments – pooled	\$ 7,839,541	\$ 7,839,541
Investments-charitable gift annuities	<u>1,283,622</u>	<u>1,283,622</u>
Total	<u>\$ 9,123,163</u>	<u>\$ 9,123,163</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**Note 11. ENDOWMENT FUND ASSETS**

FASB issued the Not-for-Profit Entities Topic of the ASC 958-205, which is intended to improve the quality of consistency of financial reporting of endowments held by not-for-profit organizations. This FSP provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of the Uniform Prudent Management Institutional Funds Act (UPMIFA). New Hampshire has adopted UPMIFA. The FSP also requires additional financial statement disclosures on endowments and related net assets.

**THE HAVENWOOD-HERITAGE  
HEIGHTS TRUST FUND**

**NOTES TO FINANCIAL STATEMENTS**

**Note 11. ENDOWMENT FUND ASSETS (continued)**

The following schedule includes activity for all investments held by the Trust Fund:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investments, beginning of year	\$ 3,226,244	\$ 4,455,290	\$ 158,007	\$7,839,541
Investment return				
Net investment income	74,049	129,751	-	203,800
Realized loss	(106,384)	(168,866)	-	(275,250)
Unrealized gain	<u>985,498</u>	<u>1,564,309</u>	<u>-</u>	<u>2,549,807</u>
Total investment return	<u>953,163</u>	<u>1,525,194</u>	<u>-</u>	<u>2,478,357</u>
Investment, end of year	<u>\$ 4,179,407</u>	<u>\$ 5,980,484</u>	<u>\$ 158,007</u>	<u>\$10,317,898</u>

Investment Net Asset Composition by Fund Type

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Undesignated	\$ 4,179,407	\$ -	\$ -	\$ 4,179,407
Donor designated	<u>-</u>	<u>5,980,484</u>	<u>158,007</u>	<u>6,138,491</u>
Total	<u>\$ 4,179,407</u>	<u>\$5,980,484</u>	<u>\$ 158,007</u>	<u>\$ 10,317,898</u>

The Trust Fund has adopted an investment policy that will allow for the annual withdrawal of income as needed for resident and community support and still increase the purchasing power of the Trust, prior to additions and without undue risk. The long-term objective of this policy is to generate a total return net of fees which is at least 5% in excess of inflation rate, as measured by the Consumer Price Index, over rolling ten-year periods. Total return is defined as dividend or interest income, plus realized and unrealized capital appreciation or depreciation at fair market value.

**THE HAVENWOOD-HERITAGE  
HEIGHTS TRUST FUND**

**NOTES TO FINANCIAL STATEMENTS**

**Note 11. ENDOWMENT FUND ASSETS (concluded)**

The Trustee approved annual spending rate should not exceed 5.5% of the three-year moving market value average.

In recognition of the prudence required of fiduciaries, reasonable diversification is sought where possible. Asset allocation parameters have been developed based on investment objectives, liquidity needs, and time horizon for intended use.

**Note 12. SUBSEQUENT EVENTS**

The Trust Fund has evaluated subsequent events through April 19, 2010, the date which the financial statements were available to be issued, and have not evaluated subsequent events after that date. No subsequent events were identified that would require disclosure in the financial statements for the year ended December 31, 2009.