

**INTERFAITH CAREPARTNERS, INC.
AND AFFILIATE**
(A Texas Non-Profit Corporation)

COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

GAINER DONNELLY & DESROCHES

INTERFAITH CAREPARTNERS, INC.
AND AFFILIATE
(A Texas Non-Profit Corporation)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Interfaith CarePartners, Inc.
Houston, Texas

We have audited the accompanying combined statements of financial position of Interfaith CarePartners, Inc. (a Texas non-profit corporation) and affiliate (collectively, the "Organization") as of December 31, 2009 and 2008, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements, 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Interfaith CarePartners, Inc. and affiliate as of December 31, 2009 and 2008, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Gainer Donnelly & Desroches LLP

February 3, 2010

INTERFAITH CAREPARTNERS, INC. AND AFFILIATE
(A Texas Non-Profit Corporation)
COMBINED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

	Interfaith CarePartners, Inc.			The Acorn Foundation			Combined Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	
ASSETS:							
Cash and Cash Equivalents	\$ 540,215	\$ -	\$ 540,215	\$ -	\$ 219,247	\$ 219,247	\$ 759,462
Investments	-	-	-	-	1,904,831	1,904,831	1,904,831
Office Equipment, Net of Accumulated Depreciation of \$99,738	5,915	-	5,915	-	-	-	5,915
Prepaid Expenses	4,291	-	4,291	-	-	-	4,291
TOTAL ASSETS	\$ 550,421	\$ -	\$ 550,421	\$ -	\$ 2,124,078	\$ 2,124,078	\$ 2,674,499
LIABILITIES AND NET ASSETS:							
Deferred Revenue	140,086	-	140,086	-	-	-	140,086
Commitments and Contingencies Net Assets	410,335	-	410,335	-	2,124,078	2,124,078	2,534,413
TOTAL LIABILITIES AND NET ASSETS	\$ 550,421	\$ -	\$ 550,421	\$ -	\$ 2,124,078	\$ 2,124,078	\$ 2,674,499

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

INTERFAITH CAREPARTNERS, INC. AND AFFILIATE
(A Texas Non-Profit Corporation)
COMBINED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

	Interfaith CarePartners, Inc.			The Acorn Foundation			Combined Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	
ASSETS:							
Cash and Cash Equivalents	\$ 468,692	\$ -	\$ 468,692	\$ -	\$ 49,611	\$ 49,611	\$ 518,303
Investments	-	-	-	-	1,791,932	1,791,932	1,791,932
Grants Receivable	55,361	75,000	130,361	-	-	-	130,361
Office Equipment, Net of Accumulated Depreciation of \$96,604	9,049	-	9,049	-	-	-	9,049
Prepaid Expenses	7,374	-	7,374	-	-	-	7,374
TOTAL ASSETS	<u>\$ 540,476</u>	<u>\$ 75,000</u>	<u>\$ 615,476</u>	<u>\$ -</u>	<u>\$ 1,841,543</u>	<u>\$ 1,841,543</u>	<u>\$ 2,457,019</u>
LIABILITIES AND NET ASSETS:							
Accounts Payable	\$ 12,394	\$ -	\$ 12,394	\$ -	\$ -	\$ -	\$ 12,394
Deferred Revenue	230,540	-	230,540	-	-	-	230,540
Commitments and Contingencies							
Net Assets	297,542	75,000	372,542	-	1,841,543	1,841,543	2,214,085
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 540,476</u>	<u>\$ 75,000</u>	<u>\$ 615,476</u>	<u>\$ -</u>	<u>\$ 1,841,543</u>	<u>\$ 1,841,543</u>	<u>\$ 2,457,019</u>

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

INTERFAITH CAREPARTNERS, INC. AND AFFILIATE
(A Texas Non-Profit Corporation)
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Interfaith CarePartners, Inc.			The Acorn Foundation			Combined Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	
SUPPORT AND INCOME:							
Congregational Support	\$ 53,543	\$ -	\$ 53,543	\$ -	\$ -	\$ -	\$ 53,543
Contributions	61,615	-	61,615	-	-	-	61,615
Special Events	476,358	-	476,358	-	-	-	476,358
Foundation Grants	158,203	-	158,203	-	-	-	158,203
Insurance Claim	17,434	-	17,434	-	-	-	17,434
Interest and Dividend Income	996	-	996	-	54,948	54,948	55,944
Loss on Sale of Investments	-	-	-	-	(126,222)	(126,222)	(126,222)
Net Appreciation in Fair Value of Investments	-	-	-	-	481,599	481,599	481,599
Net Assets Released from Restrictions	75,000	(75,000)	-	127,790	(127,790)	-	-
TOTAL SUPPORT AND INCOME	843,149	(75,000)	768,149	127,790	282,535	410,325	1,178,474
EXPENSES:							
Program Service	671,286	-	671,286	-	-	-	671,286
Supporting Services	159,070	-	159,070	27,790	-	27,790	186,860
TOTAL EXPENSES	830,356	-	830,356	27,790	-	27,790	858,146
CHANGE IN NET ASSETS BEFORE AFFILIATE TRANSACTIONS	12,793	(75,000)	(62,207)	100,000	282,535	382,535	320,328
Transfer from The Acorn Foundation	100,000	-	100,000	(100,000)	-	(100,000)	-
CHANGE IN NET ASSETS	112,793	(75,000)	37,793	-	282,535	282,535	320,328
NET ASSETS AT BEGINNING OF YEAR	297,542	75,000	372,542	-	1,841,543	1,841,543	2,214,085
NET ASSETS AT END OF YEAR	\$ 410,335	\$ -	\$ 410,335	\$ -	\$ 2,124,078	\$ 2,124,078	\$ 2,534,413

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

INTERFAITH CAREPARTNERS, INC. AND AFFILIATE
(A Texas Non-Profit Corporation)
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Interfaith CarePartners, Inc.			The Acorn Foundation			Combined Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	
SUPPORT AND INCOME:							
Congregational Support	\$ 37,779	\$ -	\$ 37,779	\$ -	\$ -	\$ -	\$ 37,779
Contributions	34,784	-	34,784	-	-	-	34,784
Special Events	509,555	-	509,555	-	-	-	509,555
Federal Contracts	407,146	-	407,146	-	-	-	407,146
Foundation Grants	115,670	-	115,670	-	-	-	115,670
Interest and Dividend Income	6,580	-	6,580	-	87,313	87,313	93,893
Loss on Sale of Investments	-	-	-	-	(67,483)	(67,483)	(67,483)
Net Depreciation in Fair Value of Investments	-	-	-	-	(923,876)	(923,876)	(923,876)
Net Assets Released from Restrictions	75,000	(75,000)	-	131,487	(131,487)	-	-
TOTAL SUPPORT AND INCOME	1,186,514	(75,000)	1,111,514	131,487	(1,035,533)	(904,046)	207,468
EXPENSES:							
Program Service	809,596	-	809,596	-	-	-	809,596
Supporting Services	126,975	-	126,975	31,487	-	31,487	158,462
TOTAL EXPENSES	936,571	-	936,571	31,487	-	31,487	968,058
CHANGE IN NET ASSETS BEFORE AFFILIATE TRANSACTIONS	249,943	(75,000)	174,943	100,000	(1,035,533)	(935,533)	(760,590)
Distribution to The Acorn Foundation	(400,000)	-	(400,000)	-	400,000	400,000	-
Transfer from The Acorn Foundation	100,000	-	100,000	(100,000)	-	(100,000)	-
CHANGE IN NET ASSETS	(50,057)	(75,000)	(125,057)	-	(635,533)	(635,533)	(760,590)
NET ASSETS AT BEGINNING OF YEAR	347,599	150,000	497,599	-	2,477,076	2,477,076	2,974,675
NET ASSETS AT END OF YEAR	\$ 297,542	\$ 75,000	\$ 372,542	\$ -	\$ 1,841,543	\$ 1,841,543	\$ 2,214,085

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

INTERFAITH CAREPARTNERS INC. AND AFFILIATE
(A Texas Non-Profit Corporation)
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 30, 2009 AND 2008

	2009			2008		
	Program Service	Supporting Service	Total	Program Service	Supporting Service	Total
Interfaith CarePartners, Inc.:						
Salaries and Employee Benefits	\$ 495,317	76,732	\$ 572,049	\$ 616,785	\$ 62,716	\$ 679,501
Special Events	-	57,398	57,398	-	47,945	47,945
Rent	50,611	4,104	54,715	33,056	1,067	34,123
Volunteer Support	25,113	300	25,413	39,000	-	39,000
Office Operations	23,664	7,604	31,268	31,661	1,864	33,525
Local Mileage	21,412	1,321	22,733	30,924	856	31,780
Travel	-	4,794	4,794	-	5,036	5,036
Office Supplies	7,473	1,079	8,552	9,275	1,018	10,293
Professional Education and Training	6,813	70	6,883	12,490	-	12,490
Accounting Fees	7,400	600	8,000	6,564	336	6,900
Depreciation	-	3,134	3,134	-	4,245	4,245
Fundraising Expense	-	1,934	1,934	-	1,892	1,892
Contract Evaluation	33,483	-	33,483	29,841	-	29,841
Total Interfaith CarePartners, Inc.	671,286	159,070	830,356	809,596	126,975	936,571
The Acorn Foundation:						
Accounting Fees	-	4,000	4,000	-	2,850	2,850
Investment Fees	-	23,790	23,790	-	28,637	28,637
Total The Acorn Foundation	-	27,790	27,790	-	31,487	31,487
Total	\$ 671,286	\$ 186,860	\$ 858,146	\$ 809,596	\$ 158,462	\$ 968,058

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

INTERFAITH CAREPARTNERS, INC. AND AFFILIATE
(A Texas Non-Profit Corporation)
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 320,328	\$ (760,590)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation	3,134	4,245
Loss on Sale of Investments	126,222	67,483
Net (Appreciation) Depreciation in Fair Value of Investments	(481,599)	923,876
Changes in Operating Assets and Liabilities:		
Grants Receivable	130,361	56,033
Prepaid Expenses	3,083	(6,353)
Accounts Payable	(12,394)	6,566
Deferred Revenue	(90,454)	74,570
	<u>(1,319)</u>	<u>365,830</u>
Net Cash Provided by (Used in) Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sale of Investments	374,533	483,750
Purchases of Investments	(132,055)	(839,157)
Purchases of Equipment	-	(579)
	<u>242,478</u>	<u>(355,986)</u>
Net Cash Provided by (Used In) Investing Activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	241,159	9,844
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>518,303</u>	<u>508,459</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 759,462</u>	<u>\$ 518,303</u>

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

INTERFAITH CAREPARTNERS, INC.
AND AFFILIATE
(A Texas Non-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

Organization

In June 1988, the Foundation for Interfaith Research and Ministry (“FIRM”) was established as a nonprofit corporation to support research, education and service programs relating to the disciplines of theology, religious studies, pastoral care and other public service programs. In July 2000, FIRM legally amended its charter, changing its name to Interfaith CarePartners, Inc. (“CarePartners”).

CarePartners sponsors and conducts interfaith and interdisciplinary programs of scholarship research, education and service. Its mission is to care for weak and vulnerable people. The largest activity is the Care Team Program consisting of approximately 2,000 congregation-based volunteers who lovingly and tirelessly provide respite, emotional support, social opportunities, meals, housekeeping, transportation and basic physical help to nearly 1,700 adults and children with chronic, debilitating or terminal conditions like Alzheimer’s, AIDS, cancer, Parkinson’s, Lou Gehrig’s and other limiting conditions. Total volunteer hours since inception of the program are nearly 1.9 million hours.

CarePartners provides additional services for caregivers that complement its volunteer Care Team program. Common Ground: Caregiver Conversations are caregiver support groups facilitated by a mental health professional and a former caregiver. During 2009, 148 caregivers participated in 15 monthly Common Ground meetings. A second complementary service is educational and skill building conferences for caregivers. Three conferences featuring more than 20 professionally led workshops were sponsored in 2009 with total registration approximately 750 caregivers. Lastly, CarePartners provides education to the public on the general subjects of aging and care giving, as well as participates in national professional organizations dedicated to the aging and care giving

CarePartners conducts programs in Harris, Fort Bend, Montgomery, and Brazoria counties in Texas. In addition, its programs have won numerous national and local awards, including a President’s Community Service Award, the nation’s highest honor for volunteer community service. The organization’s reputation for excellence in volunteer program management elicits inquiries from groups across the country seeking advice and consultation, as well as wishing to replicate the procedures and practices of CarePartners’ program.

The affiliate of CarePartners is The Acorn Foundation (Acorn), established as a nonprofit corporation in June 1993, to be administered solely for the benefit of CarePartners.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying combined financial statements include the accounts of CarePartners and Acorn (collectively, the “Organization”), both of which are under common control. Interorganization transactions and balances have been eliminated in combination.

INTERFAITH CAREPARTNERS, INC.
AND AFFILIATE
(A Texas Non-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Statement Presentation – Continued

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization's resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets – These are net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – These are net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization, and/or the passage of time. 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.
- Permanently restricted net assets – These are net assets that are required to be maintained in perpetuity with only the income to be used for operating activities due to donor-imposed restrictions.

Fair Value Considerations

The Organization uses fair value to measure monetary and certain nonmonetary assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs-Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs-Level 3).

The fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an entity elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. The Organization did not elect the fair value option for the measurement of any eligible assets or liabilities.

The fair values of the Organization's cash and cash equivalents, grants receivable, accounts payable and deferred revenue approximate carrying values because of the immediate or short term nature of these financial instruments.

Cash and Cash Equivalents

For purposes of the combined statements of cash flows, the Organization considers all unrestricted highly liquid investments with maturity at date of purchase of three months or less to be cash equivalents.

Investments

Investments are reported at their fair value based on quoted market prices. Realized and unrealized gains and losses on investments sold or held are reflected in the combined statements of activities and changes in net assets. Investments donated to the Organization are recorded at their fair value at the date of donation based on quoted market prices.

INTERFAITH CAREPARTNERS, INC.
AND AFFILIATE
(A Texas Non-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Receivables

The Organization considers grants and pledges receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they will be charged to operations when that determination is made.

Office Equipment

Office equipment is recorded at cost for assets purchased. Donated materials and equipment are recorded as contributions at their fair value at the date of donation. Depreciation of office equipment is provided over an estimated useful life of five years.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. Temporarily restricted contributions, the restriction of which is met in the year the contribution is received, are reported as unrestricted support.

Deferred Revenue

The Organization recognizes contributions received in advance for their annual fundraising event, Sweet Charity as deferred revenue.

Donated services and Materials

A substantial number of volunteers have made significant contributions of their time to support the Organization's service programs, principally in client care. The Organization also receives donated professional and other services and materials during the year. No amounts have been reflected in the combined statements for these services or materials since the nature of these services and materials do not require a specialized skill or create or enhance a nonfinancial asset. During 2009, volunteers in the Care Team program gave nearly 134,000 hours of service to impaired persons and their caregivers. Independent Sector's most recent (2008) calculated value of volunteer time is \$20.25 per hour. Using this valuation, the total value of time donated was approximately \$2,713,500.

Federal Income Taxes

CarePartners and Acorn are exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. Furthermore, the Internal Revenue Service has ruled that both are publicly supported organizations within the meaning of Section 509(a)(1) of the Internal Revenue Code and are not private foundations.

In 2009, the Organization adopted a new accounting standard that clarifies the accounting for uncertainty in income taxes recognized for financial statement reporting purposes as applied to nonprofit organizations. Based on its evaluation, CarePartners and Acorn have concluded that there are no significant uncertain tax positions requiring recognition in its combined financial statements. CarePartners' and Acorn's evaluation were performed for the tax periods ended December 31, 2006 through December 31, 2009 for U.S. Federal tax years which principally remain subject to examination by major tax jurisdictions as of December 31, 2009.

INTERFAITH CAREPARTNERS, INC.
AND AFFILIATE
(A Texas Non-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Concentration of Credit Risk

At various times during the year, the Organization may have bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. At December 31, 2009, the Organization's deposits in non-interest bearing accounts were fully insured by the FDIC under the Transaction Account Guarantee Program. Management believes any credit risk is low due to the overall financial strength of the financial institution.

Functional Allocation of Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services directly benefited, or upon management's estimates of the proportion of these costs applicable to each function.

Subsequent Events

The Organization has evaluated subsequent events through the time the financial statements are available for issuance on February 3, 2010. No matters were identified affecting the 2009 financial statements.

Use of Estimates

The preparation of the combined 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 disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that have the most impact on financial position and results of operations primarily relate to the fair value of investments and the allocation of functional expenses. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the combined financial statements.

NOTE 3 – FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value three-tier hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity.

INTERFAITH CAREPARTNERS, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 3 – FAIR VALUE MEASUREMENTS – CONTINUED

The Organization utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Investments in common stocks and U.S. Treasury strips that are currently traded in active markets are classified as Level 1.

The fair value of financial assets measured on a recurring basis at December 31, 2009 and 2008 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2009:			
Common Stocks	\$ 1,785,032	\$ -	\$ -
U.S. Treasury Strips	<u>119,799</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 1,904,831</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2008:			
Common Stocks	\$ 1,508,713	\$ -	\$ -
U.S. Treasury Strips	<u>283,219</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 1,791,932</u>	<u>\$ -</u>	<u>\$ -</u>

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the fair values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position and the statements of activities and changes in net assets.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2009 and 2008, temporarily restricted net assets of Acorn in the amount of \$2,124,078 and \$1,841,543, respectively, are available for investment for the benefit of CarePartners. During the years ended December 31, 2009 and 2008, temporarily restricted net assets of \$127,790 and \$131,487 were released from restrictions by incurring expenses satisfying the restricted purposes.

During both years ended December 31, 2009 and 2008, temporarily restricted net assets of CarePartners in the amount of \$75,000 were released from restrictions due to the satisfaction of time restrictions.

NOTE 5 – DISTRIBUTION TO AFFILIATE

CarePartners' board of directors authorized a distribution of \$400,000 to Acorn for the year ended December 31, 2008. There were no such distributions authorized for the year ended December 31, 2009. Acorn's board of directors approved a \$100,000 transfer from Acorn to CarePartners for each of the years ended December 31, 2009 and 2008.

INTERFAITH CAREPARTNERS, INC.
AND AFFILIATE
(A Texas Non-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 6 – OPERATING LEASE

On January 1, 2004, the Organization renewed their office lease. The office lease is a noncancelable operating lease expiring December 31, 2010. Total annual lease expense amounted to \$54,715 and \$34,123 for the years ended December 31, 2009 and 2008, respectively. Future minimum lease payments are due in 2010 in the amount of \$54,715.