

Selden Fox, LTD.

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
St. Mary's Services
Arlington Heights, Illinois

We have audited the accompanying statement of financial position of **St. Mary's Services** as of June 30, 2010 and 2009, and the related statements of activities and functional expenses for the year ended June 30, 2010, and the statement of cash flows for the years ended June 30, 2010 and 2009. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 St. Mary's Services as of June 30, 2010 and 2009, and the changes in net assets for the year ended June 30, 2010, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Selden Fox, Ltd.

December 8, 2010

St. Mary's Services
Statement of Financial Position
June 30,

	2010	2009 (as restated)
Assets		
Cash and cash equivalents	\$ 506,339	\$ 381,547
Accounts receivable	4,889	21,334
Interest and dividends receivable	10,262	6,055
Investments:		
Securities, at fair value	2,936,983	2,534,621
Certificate of deposit	-	151,556
Equity in perpetual trusts	758,169	706,161
Prepaid expenses and other assets	12,232	14,951
Total assets	\$ 4,228,874	\$ 3,816,225
Liabilities and Net Assets		
Liabilities - accounts payable and accrued liabilities	\$ 19,710	\$ 16,317
Net assets:		
Unrestricted:		
Undesignated	1,074,579	1,155,653
Designated	97,867	83,499
Temporarily restricted	1,630,644	1,206,690
Permanently restricted	1,406,074	1,354,066
Total net assets	4,209,164	3,799,908
Total liabilities and net assets	\$ 4,228,874	\$ 3,816,225

See accompanying notes.

St. Mary's Services
Statement of Activities
For the Year Ended June 30, 2010
(With Comparative Totals for 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2009 Total
Support and revenue:					
Investment activity:					
Interest and dividend income	\$ 132,394	\$ -	\$ -	\$ 132,394	\$ 94,433
Gain (loss) on investments	93,186	402,801	-	495,987	(1,420,671)
Income from perpetual trusts	-	21,153	52,008	73,161	5,768
Investment advisor fee	(44,968)	-	-	(44,968)	(46,794)
Total investment activity	180,612	423,954	52,008	656,574	(1,367,264)
Contributions:					
Individual and business	60,751	-	-	60,751	49,965
Associated organizations	3,400	-	-	3,400	4,900
Total contributions	64,151	-	-	64,151	54,865
Other revenue:					
Adoptive program	231,190	-	-	231,190	203,200
International adoptive program	30,000	-	-	30,000	45,706
Miscellaneous	1,506	-	-	1,506	1,151
Total other revenue	262,696	-	-	262,696	250,057
Total support and revenue	507,459	423,954	52,008	983,421	(1,062,342)
Expenses:					
Program services:					
Adoptive program	179,222	-	-	179,222	204,817
International adoptive program	26,768	-	-	26,768	35,709
Maternity service	288,042	-	-	288,042	310,264
Total program services	494,032	-	-	494,032	550,790
Supporting services:					
Management and general	77,843	-	-	77,843	61,734
Fund-raising	2,290	-	-	2,290	2,607
Total supporting services	80,133	-	-	80,133	64,341
Total expenses	574,165	-	-	574,165	615,131
Change in net assets	(66,706)	423,954	52,008	409,256	(1,677,473)
Net assets, beginning of the year:					
As previously reported	2,445,842	-	1,354,066	3,799,908	5,477,381
Restatement of endowment and quasi-endowment funds	(1,206,690)	1,206,690	-	-	-
As restated	1,239,152	1,206,690	1,354,066	3,799,908	5,477,381
Net assets, end of the year	\$ 1,172,446	\$ 1,630,644	\$ 1,406,074	\$ 4,209,164	\$ 3,799,908

See accompanying notes.