

THE SUPREME COURT HISTORICAL SOCIETY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2010

THE SUPREME COURT HISTORICAL SOCIETY

FINANCIAL STATEMENTS

TABLE OF CONTENTS

JUNE 30, 2010

	<u>Pages</u>
Independent Auditors' Report	1
Statements of Financial Position.....	2
Statement of Activities	3
Statement of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-13
Schedules of Gift Shop Revenue and Expense	14

THE SUPREME COURT HISTORICAL SOCIETY

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2010 AND 2009

	ASSETS	
	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,108,097	\$ 1,201,113
Accounts receivable	1,884	1,561
Pledges receivable	56,684	97,234
Accrued interest receivable	34,387	28,666
Prepaid expenses	10,965	16,245
Inventory	325,564	394,777
Total Current Assets	<u>\$ 1,537,581</u>	<u>\$ 1,739,596</u>
PROPERTY AND EQUIPMENT, at cost		
Headquarters land and building	\$ 2,519,978	\$ 2,519,978
Furniture and equipment	398,343	392,419
Gift Shop improvements	1,538,063	1,327,355
Total	<u>\$ 4,456,384</u>	<u>\$ 4,239,752</u>
Less, Accumulated depreciation	907,792	796,932
Property and Equipment, net	<u>\$ 3,548,592</u>	<u>\$ 3,442,820</u>
OTHER ASSETS		
Pledges receivable	\$ 33,350	\$ 39,300
Debt securities	2,288,357	2,211,965
Corporate stocks	4,444,123	4,198,985
Collections	-	-
Total Other Assets	<u>\$ 6,765,830</u>	<u>\$ 6,450,250</u>
TOTAL ASSETS	<u>\$ 11,852,003</u>	<u>\$ 11,632,666</u>
	LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 53,124	\$ 180,153
Deferred membership dues	172,557	163,093
Total Current Liabilities	<u>\$ 225,681</u>	<u>\$ 343,246</u>
NET ASSETS		
Unrestricted	\$ 7,499,667	\$ 7,227,837
Temporarily restricted	342,918	277,846
Permanently restricted	3,783,737	3,783,737
Total Net Assets	<u>\$ 11,626,322</u>	<u>\$ 11,289,420</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,852,003</u>	<u>\$ 11,632,666</u>

The accompanying notes are an integral part of these statements.

THE SUPREME COURT HISTORICAL SOCIETY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

(WITH COMPARATIVE TOTALS FOR 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total
SUPPORT AND REVENUE					
Membership income	\$ 412,881	\$ -	\$ -	\$ 412,881	\$ 386,737
Gifts and grants	520,009	416,560		936,569	846,911
Merchandise revenue	908,906			908,906	827,892
Annual meeting	74,700			74,700	69,800
Lecture ticket sales	10,726	21,080		31,806	15,720
Other income	2,339	910		3,249	874
Investment income	570,264	88,874		659,138	(626,226)
Net assets released from restrictions	462,352	(462,352)		-	-
Total Support and Revenue	\$ 2,962,177	\$ 65,072	\$ -	\$ 3,027,249	\$ 1,521,708
EXPENSES					
Program services:					
Membership services/publications	\$ 416,498	\$ -	\$ -	\$ 416,498	\$ 390,412
Teacher training programs	187,922			187,922	318,296
Lecture series	96,857			96,857	114,753
Gift shop	994,454			994,454	992,955
Other programs	293,145			293,145	289,343
Total Program Services	\$ 1,988,876	\$ -	\$ -	\$ 1,988,876	\$ 2,105,759
Supporting services:					
General and administrative	\$ 535,357	\$ -	\$ -	\$ 535,357	\$ 441,223
Fundraising	153,801			153,801	200,728
Total Supporting Services	\$ 689,158	\$ -	\$ -	\$ 689,158	\$ 641,951
Total Expenses	\$ 2,678,034	\$ -	\$ -	\$ 2,678,034	\$ 2,747,710
CHANGE IN NET ASSETS BEFORE COLLECTION ITEMS NOT CAPITALIZED					
	\$ 284,143	\$ 65,072	\$ -	\$ 349,215	\$ (1,226,002)
COLLECTION ITEMS PURCHASED BUT NOT CAPITALIZED					
	(12,313)	-	-	(12,313)	(1,100)
CHANGE IN NET ASSETS	\$ 271,830	\$ 65,072	\$ -	\$ 336,902	\$ (1,227,102)
NET ASSETS, BEGINNING OF YEAR	7,227,837	277,846	3,783,737	11,289,420	12,516,522
NET ASSETS, END OF YEAR	\$ 7,499,667	\$ 342,918	\$ 3,783,737	\$ 11,626,322	\$ 11,289,420

The accompanying notes are an integral part of this statement.

THE SUPREME COURT HISTORICAL SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2010

(WITH COMPARATIVE TOTALS FOR 2009)

	Membership Services/ Publications	Teacher Training Programs	Lecture Series	Gift Shop	Other Programs	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	2010 Total Expenses	2009 Total Expenses
Salaries	\$ 181,363	\$ 19,750	\$ 37,417	\$ 301,982	\$ 96,986	\$ 637,498	\$ 153,762	\$ 111,066	\$ 264,828	\$ 902,326	\$ 892,129
Payroll taxes	13,007	1,501	2,684	23,122	5,033	45,347	10,657	10,854	21,511	66,858	65,476
Employee benefits	28,852	4,688	8,234	111,874	15,696	169,344	27,333	21,554	48,887	218,231	198,529
Professional services	10,122	147,295	3,165	1,773	39,813	202,168	116,639	-	116,639	318,807	425,922
Merchandise	-	-	-	424,542	-	424,542	-	-	-	424,542	352,342
Meetings & conferences	5,772	13,749	33,568	-	109,355	162,444	21,492	6,261	27,753	190,197	183,289
Printing and copying	140,394	-	6,642	25,081	3,758	175,875	665	856	1,521	177,396	147,956
Write off of old shop	-	-	-	-	-	-	-	-	-	-	129,369
Depreciation	-	-	-	43,290	-	43,290	67,568	-	67,568	110,858	92,386
Office	1,491	-	37	18,262	1,035	20,825	46,604	-	46,604	67,429	59,611
Postage and shipping	18,858	-	2,686	11,710	2,747	36,001	8,974	1,534	10,508	46,509	45,170
Travel	-	939	1,033	278	3,958	6,208	9,978	405	10,383	16,591	26,878
Insurance	-	-	-	-	4,000	4,000	21,676	-	21,676	25,676	24,549
Credit card discounts	2,425	-	271	22,151	-	22,151	-	-	-	22,151	20,714
Telephone	-	-	-	6,564	136	9,396	13,411	628	14,039	23,435	20,492
Repairs & maintenance	-	-	-	240	-	240	22,095	-	22,095	22,335	19,067
Utilities	-	-	-	-	-	-	13,146	-	13,146	13,146	14,438
Mailing services	8,784	-	-	-	5,956	8,784	-	-	-	8,784	11,946
Court support	3,330	-	1,120	-	75	5,956	15	643	658	5,956	6,375
Photography	2,000	-	-	-	4,500	6,500	-	-	-	5,183	5,708
Grants and awards	100	-	-	3,585	97	3,782	1,342	-	1,342	6,500	4,643
Other	-	-	-	-	-	-	-	-	-	5,124	721
Total Functional Expenses	\$ 416,498	\$ 187,922	\$ 96,857	\$ 994,454	\$ 293,145	\$ 1,988,876	\$ 535,357	\$ 153,801	\$ 689,158	\$ 2,678,034	\$ 2,747,710

The accompanying notes are an integral part of this statement.

THE SUPREME COURT HISTORICAL SOCIETY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 336,902	\$ (1,227,102)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	110,858	92,386
Loss on disposal of equipment and improvements	-	129,369
Unrealized (gain)/loss on investments	(109,542)	620,403
(Increase) decrease in assets:		
Accounts receivable	(323)	1,259
Pledges receivable	46,500	89,483
Accrued interest receivable	(5,721)	11,170
Prepaid expenses	5,280	(16,245)
Inventory	69,213	(14,619)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(127,029)	100,360
Deferred membership dues	9,464	558
Net Cash Provided by (Used in) Operating Activities	<u>\$ 335,602</u>	<u>\$ (212,978)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	\$ (216,633)	\$ (1,104,891)
Investments - net	<u>(211,985)</u>	<u>861,488</u>
Net Cash Provided by (Used in) Investing Activities	<u>\$ (428,618)</u>	<u>\$ (243,403)</u>
INCREASE (DECREASE) IN CASH	<u>\$ (93,016)</u>	<u>\$ (456,381)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,201,113</u>	<u>1,657,494</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,108,097</u></u>	<u><u>\$ 1,201,113</u></u>

The accompanying notes are an integral part of these statements.

THE SUPREME COURT HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Note 1. **Organization and Summary of Significant Accounting Policies:**

Organization:

The Supreme Court Historical Society (the Society) is a non-profit organization, incorporated in the District of Columbia in 1974. The Society is dedicated to the collection and preservation of the history of the Supreme Court of the United States. The Society seeks to accomplish its mission by supporting historical research, sponsoring lecture programs and educational seminars, publishing books and other materials which increase public awareness of the Court's contribution to our Nation's rich constitutional heritage, and collecting antiques and artifacts relating to the Court's history. The Society's members are located throughout the United States.

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Financial Statement Presentation:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Contributions:

Unconditional promises to give are recorded as contribution revenue and contribution receivable in the year the promise is made. Pledges receivable are reported as a current asset if due within one year, or as other assets if greater than one year. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support, increasing their respective net asset class. When a temporary 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.

Functional Expenses:

The Society allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

THE SUPREME COURT HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 1. **Organization and Summary of Significant Accounting Policies:** (Continued)

Bad Debts:

The Society reviews the estimated collectability of accounts and pledges receivable based on historical loss experience and existing economic conditions. The Society considers accounts receivable and pledges receivable at June 30, 2010 and 2009, to be fully collectible, and, as such, no allowance for doubtful accounts has been provided in these financial statements.

Revenue Recognition:

Deferred membership dues are recognized ratably over the membership term.

Property and Equipment:

Property and equipment is capitalized at cost and depreciated using the straight-line method, based on estimated useful lives as follows:

Headquarters building	40 years
Furniture and equipment	5-10 years
Gift Shop improvements	30 years

Donated equipment is reported at fair value at the date of the gift. The Society's policy is to capitalize expenditures of \$1,000 or more.

Inventory:

Inventory consists of items held for sale at the gift shop (located inside the Supreme Court building) and is stated at the lower of cost or market. Charges to cost of sales or the related program expenses are made upon sale or gratuitous distribution of those items.

Membership Services:

Costs associated with the publication of the quarterly newsletter, the annual report, and three issues of the Journal of Supreme Court History, are charged directly as a program expense.

Income Tax Status:

The Society is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Society has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

THE SUPREME COURT HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 1. Organization and Summary of Significant Accounting Policies: (Continued)

Investments:

Investments in debt securities and corporate stocks are carried at fair value, which is based on published market prices.

During the year ended June 30, 2009, the Society implemented Accounting Standards Codification (ASC) 820-10 (formerly Statement on Financial Accounting Standards No. 157, Fair Value Measurements) which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value into three broad categories: levels 1, 2 and 3. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (level 1) and lowest priority to unobservable inputs (level 3).

The fair value of the Society's investments in corporate stocks and debt securities is based on quoted prices in active markets (level 1 inputs).

Realized and unrealized gains and losses are reflected as part of total investment income. Interest and dividend income is recognized when earned.

Investment income consists of the following as of June 30,:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 159,027	\$ 208,099
Realized gains (losses)	390,569	(213,922)
Unrealized gains(losses)	<u>109,542</u>	<u>(620,403)</u>
Total	<u>\$ 659,138</u>	<u>\$ (626,226)</u>

Cash:

Cash in checking accounts, money market accounts, certificates of deposit and highly liquid investments are considered to be cash equivalents.

Included in cash at June 30, 2010 and 2009, respectively, was \$125,229 and \$106,990 restricted for use of the Musicale program.

The Society maintains its cash balances at several banks located in the Washington, D.C. area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. The Society's demand deposits with financial institutions at times exceeded federally insured limits. The Society has not experienced any losses in such accounts, and management believes the Society is not exposed to any unusual credit risks.

THE SUPREME COURT HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 1. **Organization and Summary of Significant Accounting Policies:** (Concluded)

Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications:

Certain reclassifications have been made to the June 30, 2009 financial statements to make them comparable with the June 30, 2010 financial statements.

Collections:

The collections, which were acquired through purchases and contributions since the Society's inception, are not recognized as assets on the statement of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions are reflected as increases in the appropriate net asset classes.

Subsequent Events:

Subsequent events are events or transactions that take place after the reporting period statement of financial position date of the financial statements. Certain of these events or transactions recognized subsequent events, provide additional evidence about conditions and estimates that existed at the date of the statement of financial position and retroactively revise those amounts reflected in the financial statements. Other subsequent events, not recognized subsequent events, did not exist at the date of the statement of financial position, but arose after that date and are reported as additional disclosures in the notes to the financial statements. Management evaluates all significant subsequent events from the balance sheet date through the date the financial statements are available to be issued.

Note 2. **Collections:**

The Society's collections are made up of artifacts of historical significance and art objects that are held for educational and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from their sales to be used to acquire other items for collections. The cost of all items purchased and the proceeds of deaccessions of items are reported as program revenue and expense. During the year ended June 30, 2010 and 2009, purchased acquisitions held for display amounted to \$12,313 and \$1,100, respectively. There were no proceeds from deaccessions.

THE SUPREME COURT HISTORICAL SOCIETY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 3. **Donated Services and Facilities:**

The value of space occupied by the gift shop and the contributed time of volunteers are not reflected in these statements since they are not susceptible to objective measurement or valuation.

Note 4. **Temporarily Restricted Net Assets:**

As described in Note 1, temporarily restricted net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by time elapsing on the restrictions.

Changes in Temporarily Restricted Net Assets are as follows:

	Balance June 30, 2009	Additions	Transfers/ Releases	Balance June 30, 2010
Clerk Portraits	\$ 13,770	\$ 18,000	\$ 6,000	\$ 25,770
Acquisitions	142,914	-	-	142,914
Summer Institute	-	124,000	124,000	-
Griswold Lecture	8,000	-	-	8,000
Gift Shop Renovation	-	175,000	175,000	-
Lecture Series	-	46,878	46,878	-
Building	-	63,076	63,076	-
Kennedy Portrait	-	61,550	24,000	37,550
Musicale	107,762	33,760	19,276	122,246
Other	<u>5,400</u>	<u>5,160</u>	<u>4,122</u>	<u>6,438</u>
Total	<u>\$ 277,846</u>	<u>\$ 527,424</u>	<u>\$ 462,352</u>	<u>\$ 342,918</u>

Note 5. **Pension Plan:**

The Society established a 403(b) tax deferred annuity plan covering employees who have completed six months of service and attained age 21. The plan allows employee contributions pursuant to salary reduction agreements. The Society contributes \$2,000 annually or 6% of salary, whichever is greater for each eligible employee. Pension expense under this plan was \$51,932 and \$47,792, respectively, for the years ended June 30, 2010 and 2009.

THE SUPREME COURT HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 6. **Other Programs:**

For the years ended June 30, 2010 and 2009, expenses incurred under Other Programs include the following projects:

	<u>2010</u>	<u>2009</u>
Court Support	\$ 15,485	\$ 6,811
Annual Meeting	87,080	74,793
Senate Dinner	---	56,036
National Heritage Lecture	22,855	---
Website	43,465	42,106
Other Projects	24,272	30,529
Oliver Wendell Holmes Project	4,702	18,830
Musicale	29,501	28,532
Portraits	33,129	---
Supreme Court Fellows	32,656	31,706
Total	<u>\$ 293,145</u>	<u>\$ 289,343</u>

Note 7. **Endowment Funds:**

The Society has devoted its efforts to building an endowment fund which will enable the Society to establish new programs to perpetuate the history of the Supreme Court. Endowment funds represent funds that are subject to restrictions of gift instruments requiring in perpetuity that the principal be invested and income only be used.

As of June 30, the Society maintained the following endowments:

	<u>2010</u>	<u>2009</u>
General Endowments	\$ 2,384,541	\$ 2,384,541
The Elizabeth Hughes Gossett Memorial Fund	44,834	44,834
The Edward Tamm Memorial Fund	5,000	5,000
The Leon Silverman Endowment Fund	301,959	301,959
Opperman House Building Fund	738,272	738,272
The Frank Jones Reenactment Endowment Fund	309,131	309,131
Total	<u>\$ 3,783,737</u>	<u>\$ 3,783,737</u>

THE SUPREME COURT HISTORICAL SOCIETY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 7. **Endowment Funds:** (Continued)

Income from the Elizabeth Hughes Gossett Memorial Fund and the general endowments may be used for the general operating purposes of the Society. Income from the Edward Tamm Memorial Fund is awarded as a prize in a writing competition at Georgetown University Law School. Income from the Leon Silverman Endowment Fund supports the annual lecture series. Income from the Opperman House Building Fund supports the general maintenance and repairs of the building.

In addition, The Board of Trustees has designated the following unrestricted net assets for specific purposes:

	2010	2009
John Marshall Quasi-Endowment Fund	\$ 2,598,490	\$ 2,598,490
Quasi-Endowment Fund	205,000	205,000
Acquisitions Committee	10,000	10,000
Total	\$ 2,813,490	\$ 2,813,490

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Board of Trustees has interpreted the DC Uniform Prudent Management of Institutional Funds Act (DCUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations 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 funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by DCUPMIFA. In accordance with DCUPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

1. The duration and preservation of the fund.
2. The purposes of the organization and the donor-restricted endowment fund.
3. The general economic conditions.
4. The possible effect of inflation or deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the organization.
7. The investment policies of the organization.

THE SUPREME COURT HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 7. Endowment Funds: (Concluded)

The Society's endowment net assets consisted of the following at June 30, 2010:

<u>Endowment Type</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor Restricted	\$ -	\$ -	\$ 3,783,737	\$ 3,783,737
Board Designated	2,813,490	-	-	2,813,490
	<u>\$ 2,813,490</u>	<u>\$ -</u>	<u>\$ 3,783,737</u>	<u>\$ 6,597,227</u>

There were no changes in the Society's endowment net assets during the year ended June 30, 2010.

Endowment assets are invested pursuant to the Society's investment policy. The Society's primary strategy is to preserve principal on an annual basis. Secondary goals rely on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Society targets a diversified asset allocation that places more emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

The Society's spending policy allows for appropriating both the investment earnings and principal for distribution upon approval of the Board of Trustees.

Note 8. Commitment:

The Society is committed under a contract for the commission of a portrait. The balance remaining on the contract is \$36,000.

Note 9. Risks and Uncertainties:

The Society invests in various investment securities, which are exposed to risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and those changes could have a material effect on the amounts reported in the financial statements.

Note 10. Subsequent Events:

The Society has evaluated subsequent events through the date the financial statements were issued.

SUPPLEMENTARY INFORMATION

THE SUPREME COURT HISTORICAL SOCIETY
SCHEDULES OF GIFT SHOP REVENUE AND EXPENSE
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Sales of Merchandise	\$ 908,906	\$ 827,892
Cost of Sales	<u>424,542</u>	<u>352,342</u>
Gross Profit	<u>\$ 484,364</u>	<u>\$ 475,550</u>
Gross profit/sales	53.29%	57.44%
Salaries	\$ 301,982	\$ 294,913
Employee benefits	111,874	104,250
Depreciation	43,290	7,168
Printing and copying	25,081	24,101
Payroll taxes	23,122	22,765
Credit card discounts	22,151	20,714
Office supplies	18,262	13,556
Postage and shipping	11,710	7,910
Telephone	6,564	5,408
Other	3,585	-
Professional services	1,773	9,970
Travel	278	260
Repairs and maintenance	240	229
Write off of old shop improvements	<u>-</u>	<u>129,369</u>
Total Expenses	<u>\$ 569,912</u>	<u>\$ 640,613</u>
Merchandise Revenue, Net	<u>\$ (85,548)</u>	<u>\$ (165,063)</u>
Net revenue/sales	-9.41%	-19.94%

The accompanying notes are an integral part of these schedules.