

BRUCE D. CULLEY, C.P.A., P.C.
3000 BROOKTREE LANE, SUITE 210
GLADSTONE, MISSOURI 64119
816-453-1040 FAX: 816-453-0721
bruceculley@sbcglobal.net

Member American Institute of
Certified Public Accountants

Member Missouri Society of
Certified Public Accountants

HILLCREST TRANSITIONAL HOUSING OF KANSAS, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2010 and 2009

HILLCREST TRANSITIONAL HOUSING OF KANSAS, INC.

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Independent Auditor's Report

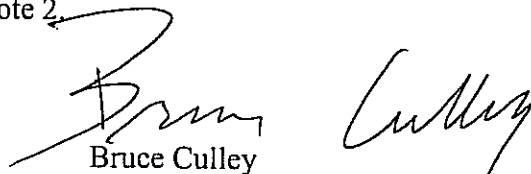
To the Board of Directors
Hillcrest Transitional Housing of Kansas, Inc.

I have audited the accompanying combined statements of assets, liabilities and net assets – cash basis of Hillcrest Transitional Housing of Kansas, Inc. as of December 31, 2010 and 2009, and the related statements of revenue, support and expenses – cash basis, functional expenses – cash basis and cash flows – cash basis for the years then ended. These financial statements are the responsibility of the management of Hillcrest Transitional Housing of Kansas, Inc. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan 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. I believe that my audits provide a reasonable basis for my opinion.

As described in Note 2, these financial statements are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly in all material respects, the assets, liabilities and net assets – cash basis of Hillcrest Transitional Housing of Kansas, Inc. as of December 31, 2010 and 2009, its revenue, support, and expenses – cash basis, functional expenses – cash basis, and cash flows – cash basis for the year then ended, on the basis of accounting described in the Note 2.


Bruce Culley
Certified Public Accountant

Gladstone, Missouri
July 10, 2011

HILLCREST TRANSITIONAL HOUSING OF KANSAS, INC.
STATEMENTS OF ASSETS, LIABILITIES
AND NET ASSETS - CASH BASIS
DECEMBER 31,

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 413,253	\$ 41,104
Total Current Assets	413,253	41,104
Property, Plant and Equipment		
Land	18,000	18,000
Buildings and Improvements	<u>986,076</u>	<u>986,576</u>
	1,004,076	1,004,576
Less Accumulated Depreciation	<u>(57,349)</u>	<u>(32,552)</u>
Total Property, Plant and Equipment	946,727	972,024
Other Assets		
Advance Due from Affiliate	<u>3,604</u>	<u>3,604</u>
Total Other Assets	<u>3,604</u>	<u>3,604</u>
Total Assets	<u>\$ 1,363,584</u>	<u>\$ 1,016,732</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current Portion of Mortgage Note Payable	\$ 20,000	\$ 20,000
Accounts Payable - Hillcrest-Platte County	<u>674,000</u>	<u>-</u>
Total Current Liabilities	694,000	20,000
Long-term Liabilities		
Mortgage Notes Payable	144,254	623,317
Less: Current Portion	<u>(20,000)</u>	<u>(20,000)</u>
Total Long-term Liabilities	<u>124,254</u>	<u>603,317</u>
Total Liabilities	818,254	623,317
Net Assets		
Unrestricted	330,330	359,734
Temporarily Restricted	<u>215,000</u>	<u>33,681</u>
Total Net Assets	<u>545,330</u>	<u>393,415</u>
Total Liabilities and Net Assets	<u>\$ 1,363,584</u>	<u>\$ 1,016,732</u>

The accompanying notes are an integral part of the financial statements.

HILLCREST TRANSITIONAL HOUSING OF KANSAS, INC.
STATEMENT OF REVENUE, SUPPORT AND EXPENSES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Contributions			
Church and Service Organization Contributions	\$ 26,404	\$ 97,835	\$ 124,239
Corporate Contributions	10,627	-	10,627
Individual Contributions	23,871	500	24,371
Scholarship Contributions	4,983	-	4,983
Grants Received	53,009	25,000	78,009
Rent	-	10,130	10,130
Affiliate Contributions	-	50,000	50,000
Special Events			
Gala Event Receipts	30,745	-	30,745
Walk-a-thon Receipts	14,356	-	14,356
Special Event Expenses	<u>(16,563)</u>	<u>-</u>	<u>(16,563)</u>
Total Special Events Revenue	28,538	-	28,538
Legal Settlement	-	43,838	43,838
Other Income	<u>913</u>	<u>-</u>	<u>913</u>
Total Revenue and Support	148,345	227,303	375,648
NET ASSETS RELEASED FROM RESTRICTIONS	<u>45,984</u>	<u>(45,984)</u>	<u>-</u>
Total Revenue and Support	194,329	181,319	375,648
EXPENSES			
Program Service			
Transitional Housing Ministry	217,568	-	217,568
Supporting Services			
Administrative and General	3,430	-	3,430
Fundraising	<u>2,735</u>	<u>-</u>	<u>2,735</u>
Total Expenses	<u>223,733</u>	<u>-</u>	<u>223,733</u>
Increase in Net Assets	(29,404)	181,319	151,915
Net Assets, Beginning of Year	<u>359,734</u>	<u>33,681</u>	<u>393,415</u>
Net Assets, End of Year	<u>\$ 330,330</u>	<u>\$ 215,000</u>	<u>\$ 545,330</u>

The accompanying notes are an integral part of the financial statements.

HILLCREST TRANSITIONAL HOUSING OF KANSAS, INC.
STATEMENT OF REVENUE, SUPPORT AND EXPENSES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Contributions			
Capital Campaign	\$ -	\$ 340,276	\$ 340,276
Church Contributions	32,640	-	32,640
Corporate Contributions	7,480	-	7,480
Individual Contributions	7,676	-	7,676
Scholarship Contributions	5,240	-	5,240
Grants Received	63,666	-	63,666
Special Events			
Gala Event Receipts	39,507	-	39,507
Walk-a-thon Receipts	16,492	-	16,492
Special Event Expenses	(15,217)	-	(15,217)
Total Special Events Revenue	40,782	-	40,782
Investment Income	43	-	43
Total Revenue and Support	157,527	340,276	497,803
NET ASSETS RELEASED FROM RESTRICTIONS			
Restrictions Satisfied by Payments	398,531	(398,531)	-
Total Revenues	556,058	(58,255)	497,803
EXPENSES			
Program Service			
Transitional Housing Ministry	356,614	-	356,614
Supporting Services			
Administrative and General	7,418	-	7,418
Fundraising	6,400	-	6,400
Total Expenses	370,432	-	370,432
Increase in Net Assets	185,626	(58,255)	127,371
Net Assets, Beginning of Year	174,108	91,936	266,044
Net Assets, End of Year	<u>\$ 359,734</u>	<u>\$ 33,681</u>	<u>\$ 393,415</u>

The accompanying notes are an integral part of the financial statements.

**HILLCREST TRANSITIONAL HOUSING OF KANSAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Program Service</u>	<u>Supporting Services</u>		
	Transitional Housing Ministry	Administrative and General	Fund- raising	Total Expenses
Salaries and Payroll Taxes	\$ 33,710	\$ -	\$ -	\$ 33,710
Contract Labor	2,731	-	2,500	5,231
Office Expense	2,784	928	-	3,712
Maintenance	22,658	-	-	22,658
Travel Expense	4,575	-	-	4,575
Staff Development	755	-	-	755
Dues and Subscriptions	4,225	-	-	4,225
Insurance - Health	3,753	-	-	3,753
Insurance - Other	8,655	-	-	8,655
Telephone and Communications	7,101	-	-	7,101
Rehab Expenditures	7,509	-	-	7,509
Retirement	255	-	-	255
Utilities	48,639	-	-	48,639
Volunteers	209	-	-	209
Depreciation	25,297	-	-	25,297
Interest Expense	32,568	-	-	32,568
Bank Charges	-	2,032	-	2,032
SBCM Match	10,030	-	-	10,030
Miscellaneous	468	-	-	468
Advocacy Expenses Allocated by Affiliate	<u>1,646</u>	<u>470</u>	<u>235</u>	<u>2,351</u>
Total Expenses	<u><u>\$ 217,568</u></u>	<u><u>\$ 3,430</u></u>	<u><u>\$ 2,735</u></u>	<u><u>\$ 223,733</u></u>

The accompanying notes are an integral part of the financial statements.

HILLCREST TRANSITIONAL HOUSING OF KANSAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Service	Supporting Services		
	Transitional Housing Ministry	Administrative and General	Fund- raising	Total Expenses
Salaries and Payroll Taxes	\$ 67,990	\$ -	\$ 3,579	\$ 71,569
Contract Labor	1,000	-	-	1,000
Office Expense	1,759	586	-	2,345
Maintenance	8,559	-	-	8,559
Travel Expense	10,826	-	-	10,826
Staff Development	565	-	-	565
Dues and Subscriptions	1,933	-	-	1,933
Insurance - Health	8,827	-	-	8,827
Insurance - Other	17,389	-	-	17,389
Resident Needs	12,543	-	-	12,543
Communications	3,295	-	-	3,295
Rehab Expenditures	92,429	-	-	92,429
Retirement	306	-	-	306
Telephone	3,630	-	-	3,630
Utilities	43,804	-	-	43,804
Volunteers	181	-	-	181
Depreciation	23,680	-	-	23,680
Interest Expense	38,147	-	-	38,147
Bank Charges	-	1,189	-	1,189
Advocacy Expenses Allocated by Affiliate	<u>19,751</u>	<u>5,643</u>	<u>2,821</u>	<u>28,215</u>
Total Expenses	<u>\$ 356,614</u>	<u>\$ 7,418</u>	<u>\$ 6,400</u>	<u>\$ 370,432</u>

The accompanying notes are an integral part of the financial statements.

HILLCREST TRANSITIONAL HOUSING OF KANSAS, INC.
STATEMENTS OF CASH FLOWS - CASH BASIS
DECEMBER 31,

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Increase in Net Assets	\$ 151,915	\$ 127,371
Adjustments to Reconcile Net Increase in Net Assets to Cash Provided (Used) in Operations		
Depreciation	24,797	23,680
Decrease in Rent Deposits	-	(1,600)
Other	-	33
Net Cash Provided (Used) by Operations	<u>176,712</u>	<u>149,484</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase Improvements of Land and Building	<u>500</u>	<u>(678,302)</u>
Net Cash Provided (Used) by Investing Activities	500	(678,302)
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage Proceeds for Property Acquisition	-	476,709
Repayments of Mortgage Note	(479,063)	(2,388)
Advance from Affiliate	<u>674,000</u>	<u>-</u>
Net Cash Provided (Used) for Financing Activities	<u>194,937</u>	<u>474,321</u>
Net Increase in Cash and Cash Equivalents	372,149	(54,497)
Cash and Cash Equivalents, Beginning of Year	<u>41,104</u>	<u>95,601</u>
Cash and Cash Equivalents, End of Year	<u>\$ 413,253</u>	<u>\$ 41,104</u>

The accompanying notes are an integral part of the financial statements.

HILLCREST TRANSITIONAL HOUSING OF KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 – ORGANIZATION

Hillcrest Transitional Housing of Kansas, Inc. was incorporated in the state of Kansas in 2005. Hillcrest is a nonprofit transitional housing ministry providing a Christian environment for homeless families for the purpose of helping them become self-supporting, self-reliant contributors to society. It operates in Wyandotte County, Kansas.

Hillcrest Transitional Housing of Kansas, Inc. operates 8 apartments for homeless families and 10 apartments for homeless youth. A case manager provides ongoing personal attention to each resident family during and after their stay at Hillcrest. Each family participates in an educational program that includes training in financial management, homemaking, employment and community living skills. Hillcrest also offers programs for youth residents.

Hillcrest Transitional Housing of Kansas, Inc. is one of four separate 501(c)(3) corporations engaged directly in the mission of providing housing for the homeless. These corporations are also referred to as affiliates. A fifth entity, Hillcrest Ministries of MidAmerica, provides administrative services to the other entities. All of the corporations have their own Board of Directors. Each Hillcrest Affiliate in good standing is authorized to provide one elected representative to the Board of Hillcrest Ministries of MidAmerica. At all times, a majority of the officers, directors, or trustees of Hillcrest Ministries of MidAmerica will be appointed or elected by the Hillcrest Ministries Affiliates. A Hillcrest Ministries Affiliate is considered to be a member in good standing and entitled to send an elected representative to the Hillcrest Ministries of MidAmerica meetings when the Affiliate has met their financial commitments to Hillcrest Ministries of MidAmerica and agrees to and adheres to a covenant with and be bound by the principles and policies of Hillcrest Ministries of MidAmerica.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the cash basis of accounting, certain revenues and support are recognized when received rather than when earned and certain expenses and purchases of assets are recognized when the cash is disbursed rather than when the obligation to make the expenditure is incurred.

HILLCREST TRANSITIONAL HOUSING OF KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2010 and 2009, cash equivalents consisted of money market accounts.

One or more of the financial institutions holding the Organization's cash accounts are participating in the FDIC's Transaction Account Guarantee Program. Under the program, through June 30, 2010, all noninterest-bearing transaction accounts at these institutions are fully guaranteed by the FDIC for the entire amount in the account.

For financial institutions opting out of the FDIC's Transaction Account Guarantee Program or interest-bearing cash accounts, the FDIC's insurance limits increased to \$250,000, effective October 3, 2008. The increase in federally insured limits is currently set to expire December 31, 2013. At December 31, 2010, the Organization's cash accounts did not exceed federally insured limits.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with donor stipulations that limit their use are reported as temporarily restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations that are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Contributed Services

The Organization recognizes as contributions those donated services that create or enhance non-financial assets and those that require specialized skills, are provided

HILLCREST TRANSITIONAL HOUSING OF KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributed Services – Continued

by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Unpaid volunteers have made significant contributions of their time to the Organization's program administrative and fundraising efforts. The value of this time is not reflected in these statements since it does not meet the above criteria. However, because recognition of contributed services as revenue would also involve recognition of corresponding expenses, there would be no effect on net assets.

Property, Plant and Equipment

Property, plant and equipment is stated at cost and depreciated over the estimated useful lives of the assets using the straight-line and accelerated methods of depreciation.

Useful lives are as follows:

Office and Computer Equipment	3 to 5 years
Real Estate	40 years
Real Estate Improvements	40 years

Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Revenue, Support and Expenses – Cash Basis. Accordingly, certain costs have been allocated between the program and supporting services benefited.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Organization is no longer subject to U.S. federal examinations by tax authorities for years before 2007.

HILLCREST TRANSITIONAL HOUSING OF KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Functional Expenses

The Organization allocates on a functional basis between its program, administrative and fundraising services. The allocations are based upon management's estimate of usage.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and 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 2009 financial statements to conform to the 2010 financial statement presentation. These reclassifications had no effect on the change in net assets.

Subsequent Events

Subsequent events have been evaluated through July 10, 2011, which is the date the financial statements were issued.

NOTE 3 – MORTGAGE NOTE PAYABLE

Mortgage Note 1

The Organization entered into a note during 2007 for the purpose of acquiring a residential facility in Wyandotte County, Kansas. The original balance of the note, secured by a mortgage on the property acquired with the proceeds, was \$153,000. The note bears interest at 8.25% and calls for monthly payments of \$1,167. As of December 31, 2010, the balance of the note was \$144,254.

HILLCREST TRANSITIONAL HOUSING OF KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2010

NOTE 3 – MORTGAGE NOTE PAYABLE – CONTINUED

Mortgage Note 1 – Continued

Principal payments due on the note are as follows:

2011	\$ 2,956
2012	<u>141,298</u>
	<u>\$ 144,254</u>

Mortgage Note 2

During 2009, the Organization borrowed \$476,709 on a mortgage note to acquire two properties in Kansas. The note is structured as an interest only note until the property has been renovated. The interest rate on the note is 5.5% and matured on January 22, 2010, when it was refinanced for another year. The note was paid off during 2010 with a non-interest bearing loan from Hillcrest Ministries of Platte County.

NOTE 4 – RELATED ENTITY – AFFILIATE TRANSACTIONS

The Organization had allocated by Hillcrest of MidAmerica \$2,351 in costs in 2010 and \$28,215 in 2009. Hillcrest of MidAmerica performs various program, administrative and fundraising duties for all of the affiliates.

NOTE 5 – HOUSE LEASE

The Organization leases two duplexes, with 3 apartments for the homeless and 1 apartment for live-in staff from St Luke's Lutheran Church in Kansas City, Kansas. The term of the lease is \$1 per unit, per year, for 10 years. The Organization paid the full amount of the lease, \$40, at the time of the lease signing.

NOTE 6 – DONOR IMPOSED RESTRICTIONS

Donors have made contributions to the capital campaign which are temporarily restricted as follows:

HILLCREST TRANSITIONAL HOUSING OF KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2010

NOTE 6 – DONOR IMPOSED RESTRICTIONS - CONTINUED

	2010	2009
Net Assets Restricted for the Capital Campaign	\$ 200,000	\$ 33,681
Youth Transitional Housing	15,000	-
	\$ 215,000	\$ 33,681

NOTE 7 – SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates.

Current Economic Conditions

The current economic environment presents not-for-profit organizations with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, declines in contributions, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Organization.

Current economic conditions have made it difficult for many donors to continue to contribute to not-for-profit organizations. A significant decline in contribution revenue could have an adverse impact on the Organization's future operating results.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for contributions receivable that could negatively impact the Organization's ability to maintain sufficient liquidity.

NOTE 8 – RETIREMENT PLAN

The Organization and all the affiliates sponsor a 403b retirement plan. Employees must wait one year before enrolling in the plan with a company match. After one year of employment, the company provides a 50% match up to 6% of the employee's salary. A total of \$255 was expended on the retirement benefits in 2010 and \$306 in 2009.

HILLCREST TRANSITIONAL HOUSING OF KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2010

NOTE 9 – DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

ASC Topic 820, *Fair Value Measurements*, defines fair value as 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. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

- Level 1 Quoted prices in active markets for identical assets or liabilities

- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid money market funds, U.S. Treasuries and exchange traded equities and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include fixed income securities and pooled investments. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying Statement of Financial Position measured at fair value on a recurring basis and level within the fair value hierarchy in which the fair measurements fall at December 31, 2010.

**HILLCREST TRANSITIONAL HOUSING OF KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2010**

NOTE 9 – DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES – CONTINUED

		Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>December 31, 2010</i>	<u>Fair Value</u>			
Money Market Accounts	<u>\$ 335,498</u>	<u>\$ 335,498</u>		

NOTE 10 – ACCOUNTS PAYABLE – HILLCREST OF PLATTE COUNTY

During 2010, Hillcrest Ministries of Platte County loaned \$674,000 to Hillcrest Transitional Housing of Kansas, Inc. The funds were advanced on an interest free basis with the understanding they would be repaid by December 31, 2013.