

**NORTH CASCADES
INSTITUTE**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2009 AND 2008



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North Cascades Institute
Sedro-Woolley, Washington

We have audited the accompanying statements of financial position of North Cascades Institute (the Institute) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Institute'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 audit 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, the financial statements referred to above present fairly, in all material respects, the financial position of North Cascades Institute as of 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 of America.

A handwritten signature in cursive script that reads "Jones & Associates LLC, CPAs".

Jones & Associates LLC, CPAs
March 15, 2010

Except for Note 16, which is dated April 26, 2010

TEL 206.525.5170
FAX 206.525.0678
1701 NE 104th Street
Seattle, WA 98125-7646
www.judyjonescpa.com

**NORTH CASCADES INSTITUTE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008**

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 1,539,071	\$ 505,258
Investments	1,855,648	2,291,686
Receivables, net	744,381	1,168,826
Prepays and other	50,818	35,976
Property and equipment, net	217,771	204,290
	\$ 4,407,689	\$ 4,206,036
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 50,756	\$ 15,059
Accrued expenses	4,759	91,144
Deferred revenue and other	17,896	40,838
	73,411	147,041
 NET ASSETS		
Unrestricted		
Undesignated	242,924	952,823
Board designated - Operational Reserve	1,300,000	-
Board designated - Conservation Education Fund	2,000,000	2,000,000
Temporarily restricted	791,354	1,106,172
	4,334,278	4,058,995
	\$ 4,407,689	\$ 4,206,036

**NORTH CASCADES INSTITUTE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009**

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES			
Tuition and fees	\$ 362,343	\$ -	\$ 362,343
Endowment income	-	500,000	500,000
Government Grants	-	237,677	237,677
Foundation Grants	7,876	306,699	314,575
Contributions	44,758	161,584	206,342
Contracts	377,586	-	377,586
In-kind contributions	239,700	-	239,700
Investment income (loss)	204,441	-	204,441
Special events, net	4,554	-	4,554
Other income	10,451	-	10,451
	<u>1,251,709</u>	<u>1,205,960</u>	<u>2,457,669</u>
Net assets released from restriction			
Satisfaction of program restrictions	1,520,778	(1,520,778)	-
Total support and revenues	<u>2,772,487</u>	<u>(314,818)</u>	<u>2,457,669</u>
Expenses			
Programs	1,889,470	-	1,889,470
Management and general	208,890	-	208,890
Fund-raising	84,026	-	84,026
Total expenses	<u>2,182,386</u>	<u>-</u>	<u>2,182,386</u>
CHANGE IN NET ASSETS	590,101	(314,818)	275,283
NET ASSETS			
Beginning of the year	2,952,823	1,106,172	4,058,995
End of the year	<u>\$ 3,542,924</u>	<u>\$ 791,354</u>	<u>\$ 4,334,278</u>

**NORTH CASCADES INSTITUTE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2008**

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES			
Tuition and fees	\$ 368,289	\$ -	\$ 368,289
Endowment income	-	530,000	530,000
Government Grants	33,207	323,951	357,158
Foundation Grants	33,390	170,000	203,390
Contributions	313,302	20,100	333,402
Contracts	326,796	-	326,796
In-kind contributions	126,214	-	126,214
Investment income (loss)	(354,940)	-	(354,940)
Special events, net	-	-	-
Other income	4,194	-	4,194
	<u>850,452</u>	<u>1,044,051</u>	<u>1,894,503</u>
Net assets released from restriction			
Satisfaction of program restrictions	1,932,368	(1,932,368)	-
Total support and revenues	<u>2,782,820</u>	<u>(888,317)</u>	<u>1,894,503</u>
Expenses			
Programs	1,789,037	-	1,789,037
Management and general	161,160	-	161,160
Fund-raising	72,770	-	72,770
Total expenses	<u>2,022,967</u>	<u>-</u>	<u>2,022,967</u>
CHANGE IN NET ASSETS	759,853	(888,317)	(128,464)
NET ASSETS			
Beginning of the year	2,192,970	1,994,489	4,187,459
End of the year	<u>\$ 2,952,823</u>	<u>\$ 1,106,172</u>	<u>\$ 4,058,995</u>

**NORTH CASCADES INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009**

	Program	Support Services		Total
		Management and General	Fund- raising	
Wages, taxes and benefits	\$ 1,082,209	\$ 126,580	\$ 73,181	\$ 1,281,970
Depreciation	38,489	36,626	-	75,115
Program	411,910	3,819	5,550	421,279
Marketing and development	49,150	5,760	5,295	60,205
Office and occupancy	129,706	11,228	-	140,934
Professional services	74,062	5,722	-	79,784
Travel	25,818	4,471	-	30,289
Communications	27,220	3,604	-	30,824
Insurance	14,865	788	-	15,653
Vehicles	30,812	24	-	30,836
Other administrative	5,229	10,268	-	15,497
	<u>\$ 1,889,470</u>	<u>\$ 208,890</u>	<u>\$ 84,026</u>	<u>\$ 2,182,386</u>

**NORTH CASCADES INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2008**

	Program	Support Services		Total
		Management and General	Fund- raising	
Wages, taxes and benefits	\$ 1,049,592	\$ 87,155	\$ 64,031	\$ 1,200,778
Depreciation	32,886	30,850	-	63,736
Program	336,396	2,308	2,694	341,398
Marketing and development	71,815	6,528	6,045	84,388
Office and occupancy	92,834	11,385	-	104,219
Professional services	102,228	5,853	-	108,081
Travel	24,207	4,919	-	29,126
Communications	26,426	2,521	-	28,947
Insurance	13,502	478	-	13,980
Vehicles	39,151	26	-	39,177
Other administrative	-	9,137	-	9,137
	<u>\$ 1,789,037</u>	<u>\$ 161,160</u>	<u>\$ 72,770</u>	<u>\$ 2,022,967</u>

**NORTH CASCADES INSTITUTE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tuition and teaching fees	\$ 449,139	\$ 233,305
Cash received from contributions, contracts and grants	1,950,887	2,552,814
Cash received from investments	204,441	(354,940)
Cash received from other sources	15,005	4,194
Cash paid to employees and suppliers	(1,933,101)	(1,825,717)
	686,371	609,656
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale (purchase) of investments	436,038	(980,159)
Purchase of property and equipment	(88,596)	(33,855)
	347,442	(1,014,014)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 1,033,813	 (404,358)
 CASH AND CASH EQUIVALENTS		
Beginning of the year	505,258	909,616
End of the year	\$ 1,539,071	\$ 505,258

**NORTH CASCADES INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Note 1 –Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – North Cascades Institute is a not-for-profit organization operating in the North Cascades region of northwest Washington State. The Institute was founded in 1986 to provide education about the natural history and culture of the Pacific Northwest. The Institute’s mission is to conserve and restore Northwest environments through education. Institute programs serve people of all ages and include:

Youth and School Programs:

- **Mountain School** is a grade 4-12 residential, multi-day program where students, their teachers and parent chaperones come to North Cascades Environmental Learning Center to learn about the ecosystems, geology and natural and cultural history of the region in which they live.
- **Teacher Workshops** offer classroom teachers and other educators hands-on learning with experts in natural science, humanities and the arts while using the environment as an integrating context for learning.
- **Summer Youth Programs** provide outdoor learning experiences for youth ages 14 – 19, including North Cascades Wild multi-day wilderness canoe trips for underserved youth in Seattle and Skagit Valley, outdoor activities for Hispanic communities in the Skagit Valley and Cascades Climate Challenge, a three week intensive science, policy and leadership program for regional youth.

Adult Education:

- **Adult Learning Center programs and retreats and Field Excursions** bring together adult learners with naturalists, scientists, writers and artists in field courses that explore the natural and cultural history of the Pacific Northwest.
- **Family Programs** bring together families of all ages to the Learning Center where they build bonds in nature through adventures on the lake and trails, games, arts and crafts, storytelling and scientific explorations.
- **Volunteer Stewardship Programs** recruit and train volunteers to educate thousands of visitors to the Skagit River and Mount Baker about bald eagles, salmon, native plants and mountain ecosystems.

The M.Ed. Graduate Program prepares a new generation of leaders for careers in environmental education, natural resource management and nonprofit leadership. In collaboration with Huxley College of the Environment at Western Washington University, the program offers a Masters of Education in Environmental Education, a professional residency at North Cascades Institute and a certificate in Nonprofit Leadership and Administration.

**NORTH CASCADES INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Note 1 – Nature of Activities and Summary of Significant Accounting Policies
(Continued)

North Cascades Environmental Learning Center is a hub of discovery for all ages in one of the wildest, most biologically diverse landscapes in North America. The Learning Center, which opened in 2005, is situated on Diablo Lake in North Cascades National Park. The Learning Center includes a multimedia science library, aquatic and terrestrial classrooms, dining hall, amphitheater, overnight accommodations for 92 students and 14 staff, outdoor learning rooms and access to trails. In 2008, the Learning Center was awarded LEED® Silver certification by the U.S. Green Building Council for high levels of achievement in sustainability and integration with natural systems.

Basis of Accounting and Presentation – The financial statements of the Institute have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. There were no permanently restricted net assets at December 31, 2009 or 2008.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Institute considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. At times balances exceed federally insured limits, which management feels is a low level of risk to the Institute.

Fair Value Measurements – Effective January 1, 2009, the Institute adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (“SFAS 157”). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about financial instruments. In addition, SFAS 157 establishes a hierarchy that classifies the inputs used to calculate fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

- Level 2 Quoted prices in markets that are not considered to be active for identical assets or liabilities, quoted prices in active markets for similar assets or liabilities, and inputs other than quoted prices that are directly observable or indirectly through corroboration with observable market data.

- Level 3 Inputs that are both significant to the fair value measurement and unobservable, including investment specific inputs that are not derived from market data and inputs that cannot be corroborated by market data. The determination of fair value for investments included in the level 3 category requires considerable subjectivity and estimation.

**NORTH CASCADES INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

(Continued)

The Institute's certificates of deposit and equity securities, in Note 4, have an active market and are classified within level 1 of the fair value hierarchy.

Pledges Receivable – Unconditional promises to give are recognized as revenues or gains in the period received and as pledges receivable. Pledges receivable are reported net of an unamortized discount.

Property and Equipment – Purchased property and equipment with a cost of over \$500 and a useful life greater than one year are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over a period of 4 to 10 years.

Revenue Recognition – Contributions, contracts and grants are recorded as increases in unrestricted or temporarily restricted net assets, depending on the existence and/or nature of any donor restrictions. When a 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 restriction.

Tuition revenue is recognized in the period in which the related educational instruction is performed. Accordingly, registration and tuition fees received for future instruction are deferred until the instruction commences.

Donated Goods – Donations of goods include materials, equipment, postage and telephone and are recorded as revenue at the estimated fair value at the date of donation. Donated goods received during the years ended December 31, 2009 and 2008, are \$5,745 and \$3,244, respectively.

Donated Facilities – Donated facilities include support from North Cascades National Park (water and septic) and Seattle City Light (electricity), as well as campsites and services such as boat transport at various parks, and are recorded as revenue. Donated facilities received during the years ended December 31, 2009 and 2008, are \$53,822 and \$57,836, respectively.

Donated Services – Donated services are recognized as revenue and corresponding expense when (a) the services received create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Institute. Donated services received during the years ended December 31, 2009 and 2008, are \$180,133 and \$65,135, respectively.

Volunteers also provide valuable services throughout the years that are not recognized as contributions in the financial statements since the recognition criteria were not met.

**NORTH CASCADES INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

(Continued)

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status – The Institute is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Institute qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Note 2 – Restricted Assets

Assets are restricted as follows at December 31:

	2009	2008
Temporarily restricted cash and investments	\$ 72,000	\$ 72,111
Board designated cash and investments	3,300,000	2,000,000
Temporarily restricted receivables	719,354	1,034,061
	<u>\$ 4,091,354</u>	<u>\$ 3,106,172</u>

NORTH CASCADES INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

Note 3 – Cash Flow Information

The following reconciles the change in net assets to net cash provided by operating activities for the years ended December 31:

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 275,283	\$ (128,464)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	75,115	63,736
Change in:		
Receivables, net	424,445	698,931
Prepays and other	(14,842)	(19,750)
Accounts payable	35,697	(28,977)
Accrued expenses	(86,385)	56,027
Deferred revenue and other	(22,942)	(31,847)
	<u>\$ 686,371</u>	<u>\$ 609,656</u>

Note 4 – Investments

Investments consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Certificates of deposit	\$ 1,150,000	\$ 1,725,000
Equities	705,648	566,686
	<u>\$ 1,855,648</u>	<u>\$ 2,291,686</u>

Investment income consists of the following at December 31:

	<u>2009</u>	<u>2008</u>
Interest and dividends	\$ 70,183	\$ 81,028
Realized gain (loss)	18,057	\$ (35,145)
Unrealized gain (loss)	124,803	(392,104)
Investment fees	(8,602)	(8,719)
	<u>\$ 204,441</u>	<u>\$ (354,940)</u>

**NORTH CASCADES INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Note 5 – Receivables

The Institute held fund-raising campaigns in 2007 and 2006 for funds to equip, enhance and expand the Center and other programs. Pledges to be received in longer than one year are discounted at 3%. Accounts and pledges receivable include the following at December 31:

	2009	2008
Accounts and grants receivable	\$ 25,027	\$ 134,765
Pledges receivable in less than one year	370,000	29,194
Pledges receivable in one to five years	379,000	1,054,000
	<u>774,027</u>	<u>1,217,959</u>
Less discount to net present value	(29,646)	(49,133)
	<u>\$ 744,381</u>	<u>\$ 1,168,826</u>

Note 6 – Property and Equipment

Property and equipment consists of the following at December 31:

	2009	2008
Equipment	\$ 167,922	\$ 140,750
Program equipment	55,530	53,587
Furniture	127,146	106,447
Vehicles	97,035	72,036
Leasehold improvements	78,877	65,095
Assets held for sale	500	500
	<u>527,010</u>	<u>438,415</u>
Less: accumulated depreciation	(309,239)	(234,125)
	<u>\$ 217,771</u>	<u>\$ 204,290</u>

Note 7 – Endowment in the Seattle Foundation

During 2005, Seattle City Light transferred \$4,812,954 to the North Cascades Environmental Learning Center Fund (the Fund), a donor advised fund held by the Seattle Foundation (the Foundation) to be used for general operating support, including programs and maintenance at the Center over the next 20 years. The funds held in the investment pool are managed by the Foundation. The Foundation exercises variance power on the funds it holds, therefore, the endowment asset is not recognized on the Institute's financial records. The Foundation was established in 1946 and since its formation has managed funds for many not-for-profit

**NORTH CASCADES INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Note 7 – Endowment in the Seattle Foundation (continued)

organizations in the Puget Sound area. Realized and unrealized gains/losses from securities in the investment pool are allocated to the individual accounts based on the relationship of the fair value of each account to the total fair value of the pooled investment accounts, as adjusted for additions to/deductions from those accounts. The Foundation's assets are principally in trusts from which income is distributed to the participating organizations. The Fund's Oversight Committee, composed of representatives from the Institute, the National Park Service and Seattle City Light, makes the annual recommendation to the Foundation for the distribution of funds to the Institute.

Note 8 – Net Assets

The Board of Directors of the Institute designated \$1,000,000 of unrestricted net assets at December 31, 2007, for the future growth and development of the Institute, to be available after the following operating year. The Board of Directors also designated \$343,079 at December 31, 2007, for conservation education. These funds were combined into part of a \$2,000,000 conservation education fund effective December 31, 2008.

As noted in Note 16, the Board of Directors also designated \$1,300,000 for an operational reserve effective December 31, 2009.

Donor temporarily restricted net assets are available for the following programs:

	2009	2008
Environmental Learning Center - capital	\$ 32,000	\$ 32,111
Youth and school programs	40,000	40,000
Stewardship	-	-
To be used over future periods	719,354	1,034,061
	<u>\$ 791,354</u>	<u>\$ 1,106,172</u>

Note 9 – Donated Services

The following services were donated to the Institute during the year ended December 31:

	2009	2008
Youth and school programs	\$ 131,984	\$ 32,000
Adult education	33,205	25,080
Environmental Learning Center	6,364	515
Family	8,580	5,400
Management and general	-	2,140
	<u>\$ 180,133</u>	<u>\$ 65,135</u>
Interns and graduate students	\$ 126,311	\$ 7,299
Facilities	53,822	57,836
	<u>\$ 180,133</u>	<u>\$ 65,135</u>

**NORTH CASCADES INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Note 10 – Joint Costs

The Institute's newsletters and annual catalog focus on educational outreach, with a small section that asks for contributions to help support the Institute's operations. In 2009, the costs of these materials were allocated between the various programs, administrative and fund-raising activities, as is allowed for joint cost recognition. Joint costs were allocated as follows:

	2009	2008
Youth and school programs	\$ 2,475	\$ 7,544
Adult education	17,325	20,367
Graduate program	2,475	3,772
Environmental Learning Center	990	3,772
Management and general	891	1,067
Fund-raising	594	1,197
	<u>\$ 24,750</u>	<u>\$ 37,719</u>

Note 11 – Cooperative Agreements

The Institute operates under a renewable five-year cooperative agreement with the National Park Service. This agreement provides the basis of the Institute's operations within the North Cascades National Park Service Complex. The Institute has also signed a series of participating agreements with the Mt. Baker-Snoqualmie National Forest, which provides the basis of the Institute's operations within the National Forest.

Note 12 – Operating Lease

The Institute leases office and storage space from the North Cascades National Park Service under an annual operating lease. The facilities are located within the complex occupied by North Cascades National Park Headquarters and the Mt. Baker-Snoqualmie National Forest, USDA-Forest Service. Lease payments are based on square footage of space used and include costs of utilities. Total lease costs for 2009 and 2008 total \$47,579 and \$40,260, respectively.

Note 13 – Related Party Deposits

The Institute has money market funds and certificate of deposit accounts with Summit Bank, whose Chief Executive Officer is a Board member of the Institute. Total deposits with Summit Bank are \$246,345 and \$201,608 at December 31, 2009 and 2008, respectively.

**NORTH CASCADES INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Note 14 – Pension Plan

The Institute sponsors a defined contribution 403(b) retirement plan (the Plan) for all regular employees. Eligibility begins after one year of continuous employment. Employer plan contributions are 3% of annual earnings, plus an additional 4% match of employee contributions, resulting in a maximum employer contribution of 7%. Employees are fully vested at the time of eligibility. Total contributions to the Plan during 2009 and 2008 total \$48,593 and \$46,267, respectively.

Note 15 — North Cascades Environmental Learning Center

In 1991 the Institute entered into a partnership with the City of Seattle (Seattle City Light) and the National Park Service (North Cascades National Park) to develop and operate the North Cascades Environmental Learning Center (the Center). This residential education facility is located on Diablo Lake within the Ross Lake National Recreation Area. The Learning Center is the result of the license approved in 1995 by the Federal Energy Regulatory Commission which includes environmental education as one element of mitigation for the Skagit Hydroelectric Project. Seattle City Light was required to provide mitigation for the licensing of the three Seattle City Light dams on the Skagit River.

Revenues received in 2002 through 2005 from Seattle City Light are considered advances on the designated support (endowment) and were designated for educational programs, operations, vehicles and capital expenditures for the Center pursuant to the 1991 Memorandum of Agreement. The Institute provided all furnishing and equipment for the Center and began educational programs in June 2005.

Note 16 — Subsequent Event: Board Reserved Funds

On April 26, 2010 the Board of Directors designated \$1,300,000 of unrestricted net assets to the Institute's "Operational Reserve", in accordance with the Institute's investment policy that was adopted on November 14, 2009. The reserve is retroactively effective as of December 31, 2009.