

## **Financial Statements**

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**Acts Community Development Corporation**

**December 31, 2008**

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of  
Acts Community Development Corporation  
Brooklyn, New York

I have audited the accompanying statement of financial position of Acts Community Development Corporation (a non-profit organization) as of December 31, 2008, and related statement of activities and expenses and statement of cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acts Community Development Corporation as of December 31, 2008 and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Sam J. Nole  
Certified Public Accountant  
New York, New York  
June 24, 2009

ACTS COMMUNITY DEVELOPMENT CORPORATION  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2008**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 6,386
Marketable securities	7,307
Grants receivable	1,739
Prepaid expense	<u>27</u>
Total current assets	<u>15,459</u>

EQUIPMENT

Less: Accumulated depreciation	24,439
	<u>( 2,444)</u>
	<u>21,995</u>
	\$ <u>37,454</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses	\$ 2,901
Loan payable - NJCC	<u>3,000</u>
Total current liabilities	5,901

NET ASSETS

Unrestricted funds	<u>31,553</u>
	\$ <u>37,454</u>

See Notes to Financial Statements

**ACTS COMMUNITY DEVELOPMENT CORPORATION**  
**STATEMENT OF ACTIVITIES AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

<b>SUPPORT</b>	
Direct public support – Schedule I	\$ 169,344
Government grants	167,701
Interest and dividends	<u>1,511</u>
Total unrestricted support	<u>338,556</u>
<b>EXPENSES</b>	
Program services expenses – Schedule II	299,116
General and administrative expenses – Schedule III	<u>51,776</u>
Total Expenses	<u>350,892</u>
Increase (decrease) in net assets	( 12,336)
LESS: UNREALIZED INVESTMENT LOSSES	<u>( 23,501)</u>
ADJUSTED DECREASE IN NET ASSETS	( 35,837)
NET ASSETS –BEGINNING	<u>67,390</u>
NET ASSETS – ENDING	\$ <u>31,553</u>

See Notes to Financial Statements

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	
Net cash provided by (used by) operating activities:	\$ ( 35,837)
Depreciation	2,444
Decrease in prepaid expenses	131
Decrease in accrued expenses	<u>( 1,618)</u>
	<u>( 34,880)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Acquisition of marketable securities	( 7,307)
Acquisition of program vehicle	( 24,439)
Loan payable	<u>3,000</u>
	<u>( 28,746)</u>
Net increase (decrease) in cash	( 63,626)
CASH – BEGINNING	<u>70,012</u>
CASH – ENDING	\$ <u><u>6,386</u></u>

See Notes to Financial Statements

## Note 1 - Significant Accounting Policies

### (A) Nature of Organization

Acts Community Development Corporation is a charitable organization, and was incorporated on May 30, 2002. The goal is to provide shelter and assistance for shelter and social services to homeless pregnant women as well as section 8 housing and to provide a soup kitchen and food pantry to citizens of Brooklyn.

Acts Community Development Corporation is exempt from Federal Income Tax under the provisions of section 501 (c)(3) of the Internal Revenue Code of 1986, as amended. Contributions received are deductible by the donors in computing their taxable net income in the manner and to the extent provided by Section 170 (B)(1) and (2) of the Internal Revenue Code of 1986, as amended. In addition, there was no unrelated business income for the year ended December 31, 2008 that is subject to federal, state or local income taxes.

### (B) Basis of Accounting

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

### (C) Financial Statements Presentation

Under Statement of Financial Accounting Standards (“SFAS”) No. 117, entitled “*Financial Statements for Not for Profit Organizations*,” the Organization is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) based on the existence or absence of donor-imposed restrictions.

### (D) Contributions and Contributions Receivable

In accordance with SFAS No. 116, entitled “*Accounting for Contributions Received and Contributions Made*,” contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts that are received that are designated for future periods or restricted by the donor for specific purposes are recorded as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Expenses as net assets released from restrictions. Contributions are recorded at their fair value on the date of receipt.

(E) Cash and Cash Equivalents

The Organization defines cash equivalents as short term, highly liquid investments which are readily converted into cash within ninety days of purchase. For the purposes of the Statement of Cash Flow, the Organization's investment in a money market fund is considered to be a cash equivalent.

(F) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, require the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(G) Marketable Securities

Marketable Securities are reported at fair value. Under SFAS No. 124, entitled "*Accounting for Certain Investments Held by Not for Profit Organizations*," these securities are carried at fair value with realized and unrealized gains and losses included in the Statement of Activities and Expenses. Gains and Losses are reflected as increases and decreases in the unrestricted class of net assets, unless the donor or relevant laws place temporary or permanent restrictions on the gains or losses. Investment income is reported as an increase in restricted net assets, unless the donor placed a restricted on the income's use. If the income is restricted, it would be reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions.

As of December 31, 2008 and for the year then ended, there were no donor restrictions or relevant laws requiring reporting as an increase or decrease in temporarily or permanently restricted net assets.

(H) Depreciation

Equipment is stated at cost. The various methods of depreciation and amortization used are as follows:

<u>Classification</u>	<u>Method</u>	<u>Useful Life</u>
Equipment	Straight-line	5 years

For the year ended December 31, 2008, the Organization recorded depreciation expense of \$2,444 on this asset.



Note 2 - Programs

Rachel's Joy Maternity Home: Provides shelter for young homeless pregnant women; GED, ESL, Computer and Job preparedness. The Mother and Baby Wellness Center provides assistance for health and parenting issues with instruction, personal and group counseling, Kindermusik program, GED, ESL serves the community at large.

Coney Island Lighthouse Mission: Provides Sec. 8 and other similar government housing for families. A food pantry feeds over 1400 families, some 4,000 plus people per month. The "Soup Kitchen" feeds hot meals every week to more than 250 people. An afterschool program reaches more than 40 children per week. Drug/Alcohol counseling is also provided to the community as well as benefit screening to assist clients in accessing food stamps, medicaid, social security and other federal, state and local benefits offered to assist the needy. Last year, the organization assisted in obtaining over \$200,000 in food stamps for its community members.

Many volunteers participate in the operations and functions of the organization. These services are not recorded as contributions as there is no measurable basis for determination even though they play a significant role in the operations of many of the programs.

Note 3 – Cash Concentration

The Organization maintains bank accounts at TD Bank, NA. At no time, did this bank account was in excess of FDIC insurance limits.

Note 4 - Marketable Securities

The Organization's securities are carried at fair value, in accordance with Statement of Financial Accounting Standards ("SFAS") No. 124.

The security held was as follows:

	Fair Value
2000 shares Cohen & Steers Quality Income Fund	<u>7,306</u>

The amortized cost of this security approximates its fair value.

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**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION**

To The Board of Directors of  
Acts Community Development Corporation  
New York, New York

My report on my audit of the basic financial statements of Acts Community Development Corporation for the year then ended December 31, 2008 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. Supplementary information in the Supporting Schedules is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sam J. Nole  
Certified Public Accountant  
New York, New York  
June 24, 2009

SCHEDULE I – DIRECT PUBLIC SUPPORT

Donations:		
Individuals, including fundraising	\$	25,578
Churches		9,152
Corporations		25,500
Foundations		<u>109,114</u>
	\$	<u>169,344</u>

SCHEDULE II – PROGRAM SERVICES

Advertising and promotion	\$	1,215
Bank service charges		156
Bookkeeping		3,309
Computer expenses		1,128
Depreciation		2,444
Donations		528
Dues and subscriptions		152
Insurance		3,752
Lectures		600
Occupancy including utilities		34,627
Office equipment rental		3,285
Payroll processing expenses		833
Postage and delivery		42
Program food delivery/soup kitchen		158,883
Program supplies		10,609
Repairs and maintenance		2,102
Salaries, volunteers and payroll expense		62,317
Telephone, internet and cable		4,078
Training		50
Travel, tolls and parking		4,673
Vehicle rentals		<u>4,333</u>
	\$	<u>299,116</u>

SCHEDULE III – GENERAL AND ADMINISTRATIVE EXPENSES

Advertising and promotion	\$	1,515
Bookkeeping		827
Computer expenses		125
Dues and subscriptions		450
Filing fees		75
Finance charges		108
Fundraising		5,012
Grant writing		6,500
Insurance		417
Legal and accounting		2,500
Occupancy		8,657
Office and equipment rental		821
Office expenses		159
Payroll processing expenses		719
Postage and delivery		666
Repairs and maintenance		413
Salaries, volunteers and payroll expenses		21,600
Telephone, cable and internet expenses		1,019
Travels, tolls and parking		<u>193</u>
	\$	<u>51,776</u>