

**JOY-SOUTHFIELD COMMUNITY
DEVELOPMENT CORPORATION, INC.**
Financial Statements
and Independent Auditor's Report

For the Years ended December 31, 2008 and 2007

Joy-Southfield Community Development Corporation, Inc.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Joy-Southfield Community Development
Corporation, Inc.
Detroit, Michigan

We have audited the accompanying statements of financial position of Joy-Southfield Community Development Corporation, Inc. (a nonprofit organization) as of December 31, 2008 and 2007 and the related statement of activities, net assets, functional expenses, and cash flows for the years then ended. 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 audit.

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 Joy-Southfield Community Development Corporation, Inc. as of December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Tellis & Company, P.L.L.C.

June 19, 2009
Detroit, Michigan

Joy-Southfield Community Development Corporation, Inc.

Statements of Financial Position As of December 31, 2008 and 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Current Assets:		
Cash	\$ 14,535	\$ 47,584
Grants Receivable	<u>31,468</u>	<u>12,500</u>
Total Current Assets	<u>46,003</u>	<u>60,084</u>
Property and Equipment:		
Furniture and Fixtures	5,390	1,900
Office Equipment	23,270	36,192
Medical Equipment	28,995	-
Leasehold Improvements	<u>14,854</u>	<u>14,854</u>
Total	72,509	52,946
Less: Accumulated Depreciation	<u>14,721</u>	<u>8,890</u>
Net Property and Equipment	<u>57,788</u>	<u>44,056</u>
Other Assets:		
Faust House (see Note D)	<u>41,107</u>	<u>-</u>
Total Assets	<u>\$ 144,898</u>	<u>\$ 104,140</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 15,211	\$ 632
Loans Payable - from Officers	2,000	-
Accrued Payroll	664	-
Payroll Taxes Payable	<u>-</u>	<u>1,211</u>
Total Current Liabilities	<u>17,875</u>	<u>1,843</u>
Net Assets:		
Unrestricted	89,820	89,797
Temporarily Restricted	<u>37,203</u>	<u>12,500</u>
Total Net Assets	<u>127,023</u>	<u>102,297</u>
Total Liabilities and Net Assets	<u>\$ 144,898</u>	<u>\$ 104,140</u>

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

Joy-Southfield Community Development Corporation, Inc.

Statements of Activities

For the Years Ended December 31, 2008 and 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008</u>	<u>2007</u>
Revenue, Gains and Other Support:				
Grants	\$ -	\$ 211,862	\$ 211,862	\$ 82,447
Contributions	61,541	9,583	71,124	53,832
In-Kind Contributions	205,525	-	205,525	181,281
Special Events	28,122	-	28,122	-
Forgiveness of Debt	-	3,000	3,000	-
Refunds	-	-	-	7,199
Gain/ (Loss) Disposal of Assets	(2,363)	-	(2,363)	-
Interest Income	217	-	217	1
Net Assets Released From Restriction	<u>199,742</u>	<u>(199,742)</u>	<u>-</u>	<u>-</u>
 Total Revenue and Other Support	 <u>492,784</u>	 <u>24,703</u>	 <u>517,487</u>	 <u>324,760</u>
 Expenses:				
Program Expenses	443,661	-	443,661	303,079
Management and General	35,813	-	35,813	26,104
Fundraising	13,287	-	13,287	3,464
Total Expenses	<u>492,761</u>	<u>-</u>	<u>492,761</u>	<u>332,647</u>
 Change in Net Assets	 23	 24,703	 24,726	 (7,887)
Net assets at beginning of year	<u>89,797</u>	<u>12,500</u>	<u>102,297</u>	<u>110,184</u>
Net assets at end of year	<u>\$ 89,820</u>	<u>\$ 37,203</u>	<u>\$ 127,023</u>	<u>\$ 102,297</u>

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

Joy-Southfield Community Development Corporation, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2008

	Program Expenses	Support Services Management and General	Fund- Raising	2008 Total
Salaries & Wages	\$ 43,426	\$ 10,857	\$ -	\$ 54,283
Fringe Benefits	782	196	-	978
Payroll Taxes	4,994	-	-	4,994
Building Maintenance	6,306	1,577	-	7,883
Building Rent	29,280	7,320	-	36,600
Security	9,614	2,403	-	12,017
Office Expense	-	4,470	-	4,470
Postage and Delivery	363	91	-	454
Insurance	2,469	617	-	3,086
License and Permits	336	84	-	420
Telephone	1,681	420	-	2,101
Utilities	7,438	1,860	-	9,298
Other	478	191	-	669
Janitorial	-	-	-	-
Travel Expenses	-	1,225	-	1,225
Printing and Reproduction	280	70	-	350
Professional Fees	10,886	2,722	-	13,608
Dues and Subscriptions	50	199	-	249
Conferences	99	-	-	99
Program Development	67,163	-	-	67,163
Non-Capitalized Equipment	660	-	-	660
Clinic Supplies	30,582	-	-	30,582
Laboratory	76,023	-	-	76,023
Contract Labor	53,542	-	-	53,542
Donated Services	91,165	-	-	91,165
Fundraising	-	-	13,287	13,287
Total Expenses Before Depreciation	<u>437,617</u>	<u>34,302</u>	<u>13,287</u>	<u>485,206</u>
Depreciation and Amortization	<u>6,044</u>	<u>1,511</u>	<u>-</u>	<u>7,555</u>
Total	<u>\$ 443,661</u>	<u>\$ 35,813</u>	<u>\$ 13,287</u>	<u>\$ 492,761</u>

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

Joy-Southfield Community Development Corporation, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2007

	Program Expenses	Support Services Management and General	Fund- Raising	2007 Total
Salaries & Wages	\$ 6,120	\$ 5,544	\$ -	\$ 11,664
Payroll Taxes	680	617	-	1,297
Building Maintenance	5,209	1,302	-	6,511
Building Rent	29,280	7,320	-	36,600
Security	7,839	1,960	-	9,799
Office Expense	1,410	2,783	-	4,193
Postage and Delivery	747	106	-	853
Insurance	630	157	-	787
Licence and Permits	138	34	-	172
Telephone	1,634	409	-	2,043
Utilities	6,802	1,700	-	8,502
Other	-	11	-	11
Janitorial	628	157	-	785
Travel Expenses	-	658	-	658
Printing and Reproduction	560	140	-	700
Accounting Services	6,960	1,740	-	8,700
Dues and Subscriptions	296	74	-	370
Conferences	-	-	-	-
Fees and Registrations	-	-	-	-
Program Development	2,941	-	-	2,941
Non-Capitalized Equipment	1,904	196	-	2,100
Clinic Supplies	21,982	-	-	21,982
Laboratory	56,996	-	-	56,996
Contract Labor	65,797	-	-	65,797
Donated Services	79,744	-	-	79,744
Fundraising	-	-	3,464	3,464
Total Expenses Before Depreciation	<u>298,297</u>	<u>24,908</u>	<u>3,464</u>	<u>326,669</u>
Depreciation and Amortization	<u>4,782</u>	<u>1,196</u>	<u>-</u>	<u>5,978</u>
Total	<u>\$ 303,079</u>	<u>\$ 26,104</u>	<u>\$ 3,464</u>	<u>\$ 332,647</u>

The accompanying notes are an intergral part of these financial statements.

Joy-Southfield Community Development Corporation, Inc.
Statements of Cash Flows
For The Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 24,726	\$ (7,887)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Depreciation and Amortization	7,555	5,978
(Increase) in Other Assets	(41,107)	-
(Increase) in Grants Receivable	(18,968)	(550)
(Decrease) Increase in Accounts Payable	14,579	(1,559)
Increase in Loan Payable - Officers	2,000	-
Increase in Accrued Payroll	664	-
(Decrease) Increase in Payroll Taxes Payable	<u>(1,211)</u>	<u>1,211</u>
Total	<u>(36,488)</u>	<u>5,080</u>
Net Cash Provided by (Used in) Provided by Operating Activities	(11,762)	(2,807)
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	<u>(21,287)</u>	<u>(8,378)</u>
Net (Decrease) In Cash	(33,049)	(11,185)
Cash, Beginning Of Year	<u>47,584</u>	<u>58,769</u>
Cash, End Of Year	<u>\$ 14,535</u>	<u>\$ 47,584</u>

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

Joy-Southfield Community Development Corporation, Inc.

Notes to Financial Statements
As of December 31, 2008 and 2007

Note A – NATURE OF ACTIVITIES:

Joy-Southfield Community Development Corporation, Inc. (J-SCDC) is a non-profit corporation serving the Detroit community through neighborhood revitalization, family life skills support, and community economic development. The need for accessible medical care in the City of Detroit is overwhelming. J-SCDC responded to this need by opening the Joy-Southfield Health and Education Center to provide free on-site primary health care services to individuals and families that do not have health insurance and cannot afford the cost of primary health care. In addition, J-SCDC provides youth and family mentoring and affordable housing programs.

Note B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING:

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

BASIS OF PRESENTATION:

Financial statement presentation follows the recommendations of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets (as applicable): unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

USE OF ESTIMATES:

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

Joy-Southfield Community Development Corporation, Inc.

Notes to Financial Statements
As of December 31, 2008 and 2007

Note B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

PROPERTY AND EQUIPMENT:

Property and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over an estimated useful life of 5 to 20 years.

REVENUE RECOGNITION:

Unless there are any donor restrictions, contributions received are recorded as unrestricted support.

DONATED SERVICES:

The Organization recognizes revenue for certain services received at the fair value of those services. These services include professional services donated by doctors and nurses to clients. The fair value of the donated services for the years ended December 31, 2008 and 2007 was \$91,165 and \$79,744, and is reflected in revenues and included in program expenses. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with program services. No amounts have been reflected in the financial statements for these donated services since they do not meet the criteria for revenue recognition under SFAS No. 116, "Accounting for Contributions Received and Contributions Made".

DONATED FACILITIES:

The Organization leases its building from Second Grace United Methodist Church. The landlord has estimated the approximate fair value of the annual rent to be \$36,600 in 2008 and 2007, respectively. Rent payments of \$32,025 and \$13,725 were paid in 2008 and 2007. The fair value of donated facilities for the years ended December 31, 2008 and 2007 was \$4,575 and \$22,875, and has been included in contributions and expenses in the statement of activities.

TAX-EXEMPT STATUS:

The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

Joy-Southfield Community Development Corporation, Inc.

Notes to Financial Statements
As of December 31, 2008 and 2007

Note B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

CASH AND CASH EQUIVALENTS:

Cash equivalents include all investments available for current use with an initial maturity date of three months or less.

Note C - RELATED PARTY TRANSACTIONS:

The organization leases its office space from Second Grace United Methodist Church, who founded the organization in 2002. At December 31, 2008, the aggregate minimum rental commitments under the operating lease are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2009	\$ 36,600
2010	36,600
2011	36,600
2012	36,600
2013	36,600
2014	<u>9,150</u>
Total	<u>\$ 192,150</u>

In July 2008, the Organization entered into two loan agreements with two board members in the amount of \$2,000 (\$1,000 each) for the purpose of the rehabilitation of the Faust House. No interest shall accrue on either of these loans. At December 31, 2008, the organization owes loans payable to board members in the amount of \$2,000.

Joy-Southfield Community Development Corporation, Inc.

Notes to Financial Statements
As of December 31, 2008 and 2007

Note D - OTHER ASSETS – FAUST HOUSE:

In June 2008, the organization received a donated house valued at \$33,000. As of December 31, 2008, improvements and renovations to the home total \$8,107. At December 31, 2008 the total value of the Faust house is \$41,107. The house was sold in January 2009.

Note E - FORGIVENESS OF DEBT:

In July 2008, the Organization entered into a loan agreement in the amount of \$3,000 for the purpose of the rehabilitation of the Faust House. As of December 31, 2008, this loan has been forgiven.