

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

For the Years ended December 31, 2007 and 2006

Joy-Southfield Community Development Corporation, Inc.
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-8

TELLIS & COMPANY, P.L.L.C.

Certified Public Accountants and Consultants

Anita R. Tellis C.P.A.

15 E. Kirby St., Suite 106
Detroit, Michigan 48202-4038
(313) 873-3812
(313) 873-3816 Fax

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, 2007 and 2006 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, 2007 and 2006 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.

September 19, 2008
Detroit, Michigan

A PROFESSIONAL LIMITED LIABILITY COMPANY

Members of Private Companies Practice Section of the American Institute of Certified Public Accountants and Michigan Association of Certified Public Accountants

Joy-Southfield Community Development Corporation, Inc.

Statements of Financial Position
As of December 31, 2007 and 2006

ASSETS

	<u>2007</u>	<u>2006</u>
Current Assets:		
Cash	\$ 47,584	\$ 58,769
Grants Receivable	<u>12,500</u>	<u>11,950</u>
Total Current Assets	<u>60,084</u>	<u>70,719</u>
Property and Equipment:		
Furniture and Fixtures	1,900	1,900
Office Equipment	36,192	27,814
Leasehold Improvements	<u>14,854</u>	<u>14,854</u>
Total	52,946	44,568
Less: Accumulated Depreciation	<u>8,890</u>	<u>2,912</u>
Net Property and Equipment	<u>44,056</u>	<u>41,656</u>
Total Assets	<u>\$ 104,140</u>	<u>\$ 112,375</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 632	\$ 2,191
Payroll Taxes Payable	<u>1,211</u>	<u>-</u>
Total Current Liabilities	<u>1,843</u>	<u>2,191</u>
Net Assets:		
Unrestricted	89,797	98,234
Temporarily Restricted	<u>12,500</u>	<u>11,950</u>
Total Net Assets	<u>102,297</u>	<u>110,184</u>
Total Liabilities and Net Assets	<u>\$ 104,140</u>	<u>\$ 112,375</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, 2007 and 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2007</u>	<u>2006</u>
Revenue, Gains and Other Support:				
Grants	\$ 7,952	\$ 74,495	\$ 82,447	\$ 106,748
Contributions	31,506	22,326	53,832	77,524
In-Kind Contributions	181,281	-	181,281	91,540
Special Events	-	-	-	15,679
Refunds	-	7,199	7,199	-
Interest Income	1	-	1	23
Net Assets Released From Restriction	<u>103,470</u>	<u>(103,470)</u>	<u>-</u>	<u>-</u>
 Total Revenue and Other Support	 <u>324,210</u>	 <u>550</u>	 <u>324,760</u>	 <u>291,514</u>
 Expenses:				
Program Expenses	303,079	-	303,079	162,985
Management and General	26,104	-	26,104	26,780
Fundraising	<u>3,464</u>	<u>-</u>	<u>3,464</u>	<u>10,494</u>
Total Expenses	<u>332,647</u>	<u>-</u>	<u>332,647</u>	<u>200,259</u>
 Change in Net Assets	 (8,437)	 550	 (7,887)	 91,255
 Net assets at beginning of year	 <u>98,234</u>	 <u>11,950</u>	 <u>110,184</u>	 <u>18,929</u>
 Net assets at end of year	 <u>\$ 89,797</u>	 <u>\$ 12,500</u>	 <u>\$ 102,297</u>	 <u>\$ 110,184</u>

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

Joy-Southfield Community Development Corporation, Inc.
Statements of Functional Expenses
For the Years Ended December 31, 2007 and 2006

	Support Services			2007 Total	2006 Total
	Program Expenses	Management and General	Fund- Raising		
Salaries & Wages	\$ 6,120	\$ 5,544	-	\$ 11,664	-
Payroll Taxes	680	617	-	1,297	-
Building Maintenance	5,209	1,302	-	6,511	5,593
Building Rent	29,280	7,320	-	36,600	36,600
Security	7,839	1,960	-	9,799	1,996
Office Expense	1,410	2,783	-	4,193	3,648
Postage and Delivery	747	106	-	853	914
Insurance	630	157	-	787	635
Licence and Permits	138	34	-	172	1,270
Telephone	1,634	409	-	2,043	2,742
Utilities	6,802	1,700	-	8,502	5,020
Other	-	11	-	11	891
Janitorial	628	157	-	785	492
Travel Expenses	-	658	-	658	1,194
Printing and Reproduction	560	140	-	700	237
Accounting Services	6,960	1,740	-	8,700	3,950
Dues and Subscriptions	296	74	-	370	573
Conferences	-	-	-	-	34,336
Fees and Registrations	-	-	-	-	2,050
Program Development	2,941	-	-	2,941	-
Non-Capitalized Equipment	1,904	196	-	2,100	14,254
Clinic Supplies	21,982	-	-	21,982	6,158
Laboratory	56,996	-	-	56,996	10,909
Contract Labor	65,797	-	-	65,797	25,624
Donated Services	79,744	-	-	79,744	27,767
Fundraising	-	-	3,464	3,464	10,494
Total Expenses Before Depreciation	<u>298,297</u>	<u>24,908</u>	<u>3,464</u>	<u>326,669</u>	<u>197,347</u>
Depreciation and Amortization	<u>4,782</u>	<u>1,196</u>	<u>-</u>	<u>5,978</u>	<u>2,912</u>
Total	<u>\$ 303,079</u>	<u>\$ 26,104</u>	<u>\$ 3,464</u>	<u>\$ 332,647</u>	<u>\$ 200,259</u>

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

Joy-Southfield Community Development Corporation, Inc.
Statements of Cash Flows
For The Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (7,887)	\$ 91,255
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Depreciation and Amortization	5,978	2,912
Donated Equipment	-	(26,526)
(Increase) in Grants Receivable	(550)	(11,950)
(Decrease) Increase in Accounts Payable	(1,559)	2,191
Increase in Payroll Taxes Payable	1,211	-
Prior Period Adjustment	-	928
	5,080	(32,445)
Total	5,080	(32,445)
Net Cash (Used in) Provided by Operating Activities	(2,807)	58,810
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(8,378)	(18,042)
Net Increase (Decrease) In Cash	(11,185)	40,768
Cash, Beginning Of Year	58,769	18,001
Cash, End Of Year	\$ 47,584	\$ 58,769

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, 2007 and 2006

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, 2007 and 2006

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, 2007 and 2006 was \$79,744 and \$27,767, 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 2007 and 2006, respectively. Rent payments of \$13,725 were paid in 2007 and no rent was paid in 2006. The fair value of donated facilities for the years ended December 31, 2007 and 2006 was \$22,875 and \$36,600, and has been included in contributions and expenses in the statement of activities.

Joy-Southfield Community Development Corporation, Inc.

Notes to Financial Statements
As of December 31, 2007 and 2006

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

TAX-EXEMPT STATUS:

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

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, 2007, the aggregate minimum rental commitments under the operating lease are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2008	\$ <u>24,400</u>