

**COMMUNITY TRANSPORTATION  
NETWORK, INC.**

**FORT WAYNE, INDIANA**

Financial Statements

as of June 30, 2008 and 2007

COMMUNITY TRANSPORTATION NETWORK, INC.

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June 30, 2008

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August 15, 2008

Board of Directors  
Community Transportation Network, Inc.  
Fort Wayne, Indiana

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying statements of financial position of Community Transportation Network, Inc. (a nonprofit organization) as of June 30, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the year 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 audits.

We conducted our audit 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 audit provides 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 Community Transportation Network, Inc. as of June 30, 2008 and 2007, 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.

*Krouse, Kern & Co. Inc.*  
KROUSE, KERN & CO., INC.

**COMMUNITY TRANSPORTATION NETWORK, INC.**

Statements of Financial Position  
June 30, 2008 and 2007

		<b>ASSETS</b>	
		<u>2008</u>	<u>2007</u>
<b><i>CURRENT ASSETS:</i></b>			
Cash and cash equivalents		\$ 133,476	\$ 12,857
Receivables:			
Promises to give		173,910	149,942
Fees (net)		62,420	18,996
Prepaid expenses		3,829	2,002
Investments in marketable securities		565	462
Deposits		-	8,088
		<u>374,200</u>	<u>192,347</u>
<b><i>PROPERTY AND EQUIPMENT:</i></b>			
Property and equipment - net		<u>96,791</u>	<u>49,492</u>
<b><i>NONCURRENT ASSETS:</i></b>			
Promises to give		<u>-</u>	<u>20,000</u>
<b><i>TOTAL ASSETS</i></b>		<u><u>\$ 470,991</u></u>	<u><u>\$ 261,839</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b><i>CURRENT LIABILITIES:</i></b>			
Accounts payable		\$ 39,744	\$ 20,275
Accrued expenses		<u>23,268</u>	<u>23,472</u>
		<u>63,012</u>	<u>43,747</u>
<b><i>NET ASSETS:</i></b>			
Unrestricted		38,277	(1,050)
Temporarily restricted		<u>369,702</u>	<u>219,142</u>
Total Net Assets		<u>407,979</u>	<u>218,092</u>
<b><i>TOTAL LIABILITIES AND NET ASSETS</i></b>		<u><u>\$ 470,991</u></u>	<u><u>\$ 261,839</u></u>

See Notes to Financial Statements.

**COMMUNITY TRANSPORTATION NETWORK, INC.**

Statement of Activities  
for the year ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><i>SUPPORT AND REVENUES:</i></b>			
Grants - foundations	\$ 186,974	\$ 209,686	\$ 396,660
Transportation fees	285,289	-	285,289
Contributions	36,379	-	36,379
Sponsorships	13,856	-	13,856
Interest	1,973	-	1,973
In-kind	15,836	86,000	101,836
Gain (loss) on disposal of fixed assets	(367)	-	(367)
Net assets released from restrictions	<u>145,126</u>	<u>(145,126)</u>	<u>-</u>
 Total Support and Revenues	 <u>685,066</u>	 <u>150,560</u>	 <u>835,626</u>
 <b><i>EXPENSES:</i></b>			
Program - transportation services	548,369	-	548,369
Management and general	73,351	-	73,351
Fund raising	<u>24,019</u>	<u>-</u>	<u>24,019</u>
 Total Expenses	 <u>645,739</u>	 <u>-</u>	 <u>645,739</u>
 Change in net assets	 39,327	 150,560	 189,887
 Net assets, beginning of year	 <u>(1,050)</u>	 <u>219,142</u>	 <u>218,092</u>
 <b><i>NET ASSETS, END OF YEAR</i></b>	 <u><u>\$ 38,277</u></u>	 <u><u>\$ 369,702</u></u>	 <u><u>\$ 407,979</u></u>

See Notes to Financial Statements.

**COMMUNITY TRANSPORTATION NETWORK, INC.**

Statement of Activities  
for the year ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><i>SUPPORT AND REVENUES:</i></b>			
Grants - foundations	\$ 231,489	\$ 158,200	\$ 389,689
Transportation fees	190,670	-	190,670
Contributions	17,520	-	17,520
Sponsorships	18,680	-	18,680
Interest	1,947	-	1,947
In-kind	5,006	25,742	30,748
Gain on disposal of fixed assets	4,091	-	4,091
Net assets released from restrictions	87,300	(87,300)	-
	<u>556,703</u>	<u>96,642</u>	<u>653,345</u>
<b><i>EXPENSES:</i></b>			
Program - transportation services	504,273	-	504,273
Management and general	69,543	-	69,543
Fund raising	28,310	-	28,310
	<u>602,126</u>	<u>-</u>	<u>602,126</u>
Change in net assets	(45,423)	96,642	51,219
Net assets, beginning of year	44,373	122,500	166,873
<b><i>NET ASSETS, END OF YEAR</i></b>	<u>\$ (1,050)</u>	<u>\$ 219,142</u>	<u>\$ 218,092</u>

See Notes to Financial Statements.

**COMMUNITY TRANSPORTATION NETWORK, INC.**

Statement of Functional Expenses  
for the year ended June 30, 2008

	Program - Transportation Services	Management and General	Fund Raising	Total
Personnel costs	\$ 350,943	\$ 51,932	\$ 20,714	\$ 423,589
Bad debts	-	3,603	-	3,603
Conferences and meetings	-	60	-	60
Contract services	17,980	-	-	17,980
Dues and subscriptions	-	1,922	-	1,922
Fuel	77,581	-	-	77,581
Insurance	14,688	1,900	-	16,588
Licenses	32	53	-	85
Marketing	5,356	-	1,413	6,769
Miscellaneous	1,657	197	220	2,074
Office expense	2,439	1,115	1,270	4,824
Occupancy	4,775	682	227	5,684
Professional services	2,360	8,970	175	11,505
Repairs and maintenance	39,174	-	-	39,174
Telephone	5,142	1,536	-	6,678
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Total Expenses Before Depreciation	522,127	71,970	24,019	618,116
Depreciation	26,242	1,381	-	27,623
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<b>TOTAL EXPENSES</b>	<b>\$ 548,369</b>	<b>\$ 73,351</b>	<b>\$ 24,019</b>	<b>\$ 645,739</b>
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See Notes to Financial Statements.

**COMMUNITY TRANSPORTATION NETWORK, INC.**

Statement of Functional Expenses  
for the year ended June 30, 2007

	Program - Transportation Services	Management and General	Fund Raising	Total
Personnel costs	\$ 337,898	\$ 53,507	\$ 18,556	\$ 409,961
Bad debts	-	308	-	308
Conferences and meetings	-	245	-	245
Contract services	17,003	-	-	17,003
Dues and subscriptions	-	417	-	417
Fuel	56,396	-	-	56,396
Insurance	17,933	2,013	-	19,946
Marketing	168	-	5,453	5,621
Miscellaneous	1,572	411	668	2,651
Office expense	5,165	1,718	2,455	9,338
Occupancy	3,705	529	176	4,410
Professional services	390	6,945	-	7,335
Repairs and maintenance	32,648	390	1,002	34,040
Telephone	4,560	1,759	-	6,319
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Total Expenses Before Depreciation	477,438	68,242	28,310	573,990
Depreciation	26,835	1,301	-	28,136
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<b>TOTAL EXPENSES</b>	<b>\$ 504,273</b>	<b>\$ 69,543</b>	<b>\$ 28,310</b>	<b>\$ 602,126</b>
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See Notes to Financial Statements.

**COMMUNITY TRANSPORTATION NETWORK, INC.**

Statements of Cash Flows  
for the years ended June 30, 2008 and 2007

<b><i>CASH FLOWS FROM OPERATING ACTIVITIES:</i></b>	2008	2007
Change in net assets	\$ 189,887	\$ 51,219
Adjustments to Reconcile Net Income to Net Cash Provided.		
(Used) by Operating Activities:		
Depreciation	27,623	28,136
Provision for bad debts	1,300	-
Promise to give - in-kind contribution of equipment	(86,000)	(25,742)
In-kind contribution of equipment	(35,200)	(472)
Loss (gain) on disposal of fixed asset	367	(4,091)
Changes in assets and liabilities:		
(Increase) decrease in receivables	37,308	(96,192)
(Increase) decrease in prepaid expenses	(1,827)	4,031
(Increase) decrease in investments	(103)	(462)
(Increase) decrease in deposits	8,088	(8,088)
Increase (decrease) in accounts payable	19,469	13,083
Increase (decrease) in accrued expenses	(204)	9,498
Net Cash Provided (Used) by Operating Activities	160,708	(29,080)
 <b><i>CASH FLOWS FROM INVESTING ACTIVITIES:</i></b>		
Proceeds from sale of property and equipment	-	4,542
Purchase of property and equipment	(40,089)	(1,071)
Net Cash Provided (Used) by Investing Activities	(40,089)	3,471
 <b><i>CASH FLOWS FROM FINANCING ACTIVITIES:</i></b>		
Net advances (payments) on note payable - bank	-	(10,000)
Net increase (decrease) in cash and cash equivalents	120,619	(35,609)
Cash and cash equivalents at beginning of year	12,857	48,466
 <b><i>CASH AND CASH EQUIVALENTS AT END OF YEAR</i></b>	\$ 133,476	\$ 12,857

See Notes to Financial Statements.

# COMMUNITY TRANSPORTATION NETWORK, INC.

## Notes to Financial Statements

### NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***ORGANIZATION:***

Community Transportation Network, Inc. (Network) is a voluntary health and welfare organization established to provide transportation for Allen County residents unable to provide their own transportation to attend to basic needs. The Network is a coordinated effort among many other nonprofit organizations and attempts to eliminate duplication of services among those organizations.

The Network is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the 50% charitable contributions deduction limitation. Community Transportation Network, Inc. has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

#### ***ESTIMATES:***

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

#### ***CASH AND CASH EQUIVALENTS:***

For purposes of the statement of cash flows, the Network considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

#### ***ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS:***

If necessary, the Network provides an allowance for uncollectible accounts, which is based on historical collection experience and management's estimate of the losses that will be incurred in the collection of all receivables.

#### ***PROPERTY AND EQUIPMENT:***

Fixed assets are stated at cost or, if received by donation, at market value on the date received. The cost of fixed assets is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method. It is not the Network's policy to imply time restrictions expiring over the useful life of donated assets. The Network capitalizes fixed assets which cost \$1,000 or more and a useful life of one year or more.

COMMUNITY TRANSPORTATION NETWORK, INC.

Notes to Financial Statements (Continued)

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CONTRIBUTIONS:**

All contributions are considered to be available for the general programs of the Network unless specifically restricted by the donor. The Network reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restriction expires, that is, 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 restrictions. Donor-imposed contributions are booked in the temporarily restricted class for restrictions expiring during the fiscal year, and then reclassified to the unrestricted class.

**ADVERTISING:**

Advertising expenses are charged to operations as they were incurred.

**NOTE 2. PROMISES TO GIVE**

Promises to give as of June 30, 2008 are due in less than one year (current) from local foundations as noted on the statement of position.

**NOTE 3. PROPERTY AND EQUIPEMNT**

Property and equipment consists of the following:

	2008	2007
Office equipment and software	\$ 67,815	\$ 36,181
Transportation equipment	264,069	220,781
	<u>331,884</u>	<u>256,962</u>
Less: Accumulated depreciation	235,093	207,470
	<u>\$ 96,791</u>	<u>\$ 49,492</u>

**NOTE 4. NOTE PAYABLE — BANK**

The Network has entered into an agreement with Star Financial Bank for a \$100,000 line of credit. The note is due on demand and bears interest at the prime rate. The note is secured by substantially all of the Network's assets. There was no balance drawn on the line of credit at June 30, 2008 and 2007.

COMMUNITY TRANSPORTATION NETWORK, INC.

Notes to Financial Statements (Continued)

**NOTE 5. NET ASSETS**

Temporarily restricted net assets are restricted for the following at June 30:

	<u>2008</u>	<u>2007</u>
Generational Assessment	\$ 2,900	\$ -
Medical Transportation	128,500	127,000
Operations	47,750	31,200
Software	37,100	-
Van purchase	153,452	60,942
	<u>\$ 369,702</u>	<u>\$ 219,142</u>

**NOTE 6. RETIREMENT PLAN**

The Network sponsors a tax deferred annuity plan under Section 403(b) of the Internal Revenue Code. All full time employees are eligible to participate in the plan. The plan allows participants to make contributions of up to 8% of wages. In addition, the Network matches an additional 2.5% of employee contributions. The amount contributed by the Network was \$5,925 and \$4,322 for 2008 and 2007, respectively.

**NOTE 7. STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES**

Noncash activities include the following:

	<u>2008</u>	<u>2007</u>
In-kind contribution of space rental	\$ 1,200	\$ 1,200
In-kind contribution of services	\$ 7,710	\$ 1,610
In-kind contribution of equipment/supplies	\$ 92,926	\$ 27,938

**NOTE 8. CONCENTRATIONS**

The Network's financial instruments that are exposed to concentrations of credit risk consist principally of cash and promises to give. To reduce its risk, the Network places its cash and cash equivalents with highly rated institutions. At times, such amounts may be in excess of the FDIC insured limit. The Network routinely assesses the financial strength of its donors, and as a consequence, believes that their promise to give credit risk is limited.

COMMUNITY TRANSPORTATION NETWORK, INC.

Notes to Financial Statements (Continued)

**NOTE 9. LEASES**

The Network leases office space under an operating lease expiring in August 2008. Total rental expense for the years ended June 30, 2008 and 2007 was \$5,684 and \$4,410, respectively.

Minimum future rental payment under non-cancelable operating lease as of June 30, 2008 and in the aggregate is:

2009	<u>\$ 967</u>
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