

**COMMUNITY TRANSPORTATION
NETWORK, INC.**

FORT WAYNE, INDIANA

Financial Statements

as of June 30, 2009 and 2008

COMMUNITY TRANSPORTATION NETWORK, INC.

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June 30, 2009

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September 11, 2009

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, 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 Organization'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 Community Transportation Network, Inc. as of June 30, 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.

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

COMMUNITY TRANSPORTATION NETWORK, INC.

Statements of Financial Position
June 30, 2009 and 2008

ASSETS		<u>2009</u>	<u>2008</u>
<i>CURRENT ASSETS:</i>			
Cash and cash equivalents		\$ 111,749	\$ 133,476
Receivables:			
Promises to give		334,000	173,910
Fees (net)		44,953	62,420
Prepaid expenses		14,180	3,829
Investments in marketable securities		468	565
Deposits		5,741	-
Total Current Assets		<u>511,091</u>	<u>374,200</u>
<i>PROPERTY AND EQUIPMENT:</i>			
Property and equipment - net		<u>145,614</u>	<u>96,791</u>
<i>TOTAL ASSETS</i>		<u><u>\$ 656,705</u></u>	<u><u>\$ 470,991</u></u>
LIABILITIES AND NET ASSETS			
<i>CURRENT LIABILITIES:</i>			
Accounts payable		\$ 14,696	\$ 39,744
Accrued expenses		18,609	23,268
Total Current Liabilities		<u>33,305</u>	<u>63,012</u>
<i>NET ASSETS:</i>			
Unrestricted		38,050	38,277
Temporarily restricted		585,350	369,702
Total Net Assets		<u>623,400</u>	<u>407,979</u>
<i>TOTAL LIABILITIES AND NET ASSETS</i>		<u><u>\$ 656,705</u></u>	<u><u>\$ 470,991</u></u>

See Notes to Financial Statements.

COMMUNITY TRANSPORTATION NETWORK, INC.

Statement of Activities
for the year ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<i>SUPPORT AND REVENUES:</i>			
Grants - foundations	\$ 264,317	\$ 405,843	\$ 670,160
Transportation fees	399,063	-	399,063
Contributions	33,954	-	33,954
Sponsorships	2,000	-	2,000
Interest income	2,164	-	2,164
In-kind donations	9,856	-	9,856
Gain (loss) on disposal of fixed assets	502	-	502
Net assets released from restrictions	190,195	(190,195)	-
Total Support and Revenues	<u>902,051</u>	<u>215,648</u>	<u>1,117,699</u>
<i>EXPENSES:</i>			
Program - transportation services	770,423	-	770,423
Management and general	102,301	-	102,301
Fundraising	29,554	-	29,554
Total Expenses	<u>902,278</u>	<u>-</u>	<u>902,278</u>
Change in net assets	(227)	215,648	215,421
Net assets, beginning of year	<u>38,277</u>	<u>369,702</u>	<u>407,979</u>
<i>NET ASSETS, END OF YEAR</i>	<u><u>\$ 38,050</u></u>	<u><u>\$ 585,350</u></u>	<u><u>\$ 623,400</u></u>

See Notes to Financial Statements.

COMMUNITY TRANSPORTATION NETWORK, INC.

Statement of Activities
for the year ended June 30, 2008

	Unrestricted	Temporarily Restricted	Total
<i>SUPPORT AND REVENUES:</i>			
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 income	1,973	-	1,973
In-kind donations	15,836	86,000	101,836
Gain (loss) on disposal of fixed assets	(367)	-	(367)
Net assets released from restrictions	145,126	(145,126)	-
Total Support and Revenues	685,066	150,560	835,626
 <i>EXPENSES:</i>			
Program - transportation services	547,833	-	547,833
Management and general	69,596	-	69,596
Fundraising	28,310	-	28,310
Total Expenses	645,739	-	645,739
 Change in net assets	 39,327	 150,560	 189,887
 Net assets, beginning of year	 (1,050)	 219,142	 218,092
 <i>NET ASSETS, END OF YEAR</i>	 \$ 38,277	 \$ 369,702	 \$ 407,979

See Notes to Financial Statements.

COMMUNITY TRANSPORTATION NETWORK, INC.

Statement of Functional Expenses
for the year ended June 30, 2009

	Program - Transportation Services	Management and General	Fund Raising	Total
Personnel costs	\$ 454,360	\$ 67,235	\$ 26,817	\$ 548,412
Bad debts	-	1,753	-	1,753
Conferences and meetings	-	567	-	567
Contract services	30,095	-	-	30,095
Dues and subscriptions	-	810	-	810
Fuel	72,279	-	-	72,279
Insurance	29,275	9,735	-	39,010
Licenses	637	-	-	637
Marketing	2,274	-	-	2,274
Miscellaneous	2,128	-	-	2,128
Office expense	15,474	1,613	1,613	18,700
Occupancy	23,607	3,372	1,124	28,103
Professional services	-	13,312	-	13,312
Repairs and maintenance	101,779	-	-	101,779
Telephone	7,631	2,279	-	9,910
Total Expenses				
Before Depreciation	739,539	100,676	29,554	869,769
Depreciation	30,884	1,625	-	32,509
TOTAL EXPENSES	\$ 770,423	\$ 102,301	\$ 29,554	\$ 902,278

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	\$ 351,526	\$ 53,507	\$ 18,556	\$ 423,589
Bad debts	3,295	308	-	3,603
Conferences and meetings	(185)	245	-	60
Contract services	17,980	-	-	17,980
Dues and subscriptions	1,505	417	-	1,922
Fuel	77,581	-	-	77,581
Insurance	14,575	2,013	-	16,588
Licenses	32	53	-	85
Marketing	1,316	-	5,453	6,769
Miscellaneous	995	411	668	2,074
Office expense	651	1,718	2,455	4,824
Occupancy	4,979	529	176	5,684
Professional services	4,560	6,945	-	11,505
Repairs and maintenance	37,782	390	1,002	39,174
Telephone	4,919	1,759	-	6,678
Total Expenses				
Before Depreciation	521,511	68,295	28,310	618,116
Depreciation	26,322	1,301	-	27,623
TOTAL EXPENSES	\$ 547,833	\$ 69,596	\$ 28,310	\$ 645,739

See Notes to Financial Statements.

COMMUNITY TRANSPORTATION NETWORK, INC.

Statements of Cash Flows
for the years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>		
Change in net assets	\$ 215,421	\$ 189,887
Adjustments to Reconcile Change in Net Assets to Net		
Cash Flows From Operating Activities:		
Depreciation	32,509	27,623
Provision for bad debts	(300)	1,300
Promise to give - in-kind (transportation equipment)	(141,000)	(86,000)
Donated equipment placed in service	(45,335)	(35,200)
Loss (gain) on disposal of fixed asset	(502)	367
Changes in Assets and Liabilities:		
(Increase) decrease in receivables	(1,323)	37,308
(Increase) decrease in prepaid expenses	(10,351)	(1,827)
(Increase) decrease in investments	97	(103)
(Increase) decrease in deposits	(5,741)	8,088
Increase (decrease) in accounts payable	(25,048)	19,469
Increase (decrease) in accrued expenses	(4,659)	(204)
Net Cash Flows From Operating Activities	<u>13,768</u>	<u>160,708</u>
 <i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>		
Proceeds from sale of property and equipment	2,803	-
Purchase of property and equipment	(38,298)	(40,089)
Net Cash Flows From Investing Activities	<u>(35,495)</u>	<u>(40,089)</u>
 Net increase (decrease) in cash and cash equivalents	(21,727)	120,619
 Cash and cash equivalents at beginning of year	<u>133,476</u>	<u>12,857</u>
 <i>CASH AND CASH EQUIVALENTS AT END OF YEAR</i>	<u>\$ 111,749</u>	<u>\$ 133,476</u>

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 nonprofit organization that addresses the specialized transportation needs of all transit-dependent populations and human service agencies in Allen County, Indiana. It is the Network's mission to both provide and coordinate transportation for seniors, persons with disabilities, economically disadvantaged families, children and youth, as well as other human service agencies to promote self sufficiency.

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. The allowance was \$1,000 and \$1,300 as of June 30, 2009 and 2008, respectively.

COMMUNITY TRANSPORTATION NETWORK, INC.

Notes to Financial Statements (Continued)

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

PROPERTY AND EQUIPMENT:

Fixed assets are stated at cost or at fair market value on the date received if donated. The value of fixed assets is depreciated over the estimated useful life of each asset. Depreciation is computed on the straight-line method. It is the Network's policy to release restricted net assets for donated transportation equipment over the estimated useful life. The Network capitalizes fixed assets which cost \$1,000 or more and a useful life of one year or more.

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.

ADVERTISING:

Advertising expenses are charged to operations as they were incurred.

NOTE 2. PROMISES TO GIVE

Promises to give as of June 30, 2009 are due in less than one year.

NOTE 3. PROPERTY AND EQUIPEMNT

Property and equipment consists of the following:

	2009	2008
Office equipment and software	\$ 84,130	\$ 67,815
Transportation equipment	253,149	264,069
	<u>337,279</u>	<u>331,884</u>
Less: Accumulated depreciation	191,665	235,093
	<u>\$ 145,614</u>	<u>\$ 96,791</u>

COMMUNITY TRANSPORTATION NETWORK, INC.

Notes to Financial Statements (Continued)

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, 2009 and 2008.

NOTE 5. NET ASSETS

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

	2009	2008
Generational assessment	\$ -	\$ 2,900
Medical transportation	102,150	128,500
Operations	135,000	47,750
Software	32,979	37,100
Sponsorships	3,500	-
Vehicles - INDOT	296,041	153,452
Vehicles - foundation	15,680	-
	<u>\$ 585,350</u>	<u>\$ 369,702</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 \$7,483 and \$5,925 for 2009 and 2008, respectively.

NOTE 7. STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES

Noncash activities include the following:

	2009	2008
In-kind contribution of space rental	\$ 200	\$ 1,200
In-kind contribution of services	5,040	7,710
In-kind contribution of equipment/supplies	4,616	92,926
	<u>\$ 9,856</u>	<u>\$ 101,836</u>

COMMUNITY TRANSPORTATION NETWORK, INC.

Notes to Financial Statements (Continued)

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.

NOTE 9. LEASES

The Network leased office space under an operating lease that expired in August 2008. The current office space operating lease expires on December 31, 2013 and calls for monthly payments ranging from \$2,821 to \$3,235 over the term of the lease. Total rental expense for the years ended June 30, 2009 and 2008 was \$28,103 and \$5,684, respectively.

Minimum future rental payment under non-cancelable operating lease as of June 30, 2009 and in the aggregate is:

2010	\$	35,340
2011		37,829
2012		<u>19,412</u>
Total	\$	<u>92,581</u>