

COMPEER, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2010



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Compeer, Inc.

We have audited the statements of financial position of Compeer, Inc. as of December 31, 2010 and 2009, and the related statements of activities and changes in net deficit, 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 audits 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 Compeer, Inc. as of December 31, 2010 and 2009, and the changes in its net deficit and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental statement of changes in unrestricted net deficit for the year ended December 31, 2010 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
May 16, 2011

COMPEER, INC.
Statements of Financial Position
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Assets		
Cash and cash equivalents	\$ 58,050	\$ 63,451
Accounts receivable	16,005	20,389
Prepaid expenses	637	408
Office equipment - net of accumulated depreciation of \$2,810 and \$1,807, respectively	1,000	1,004
Total Assets	\$ 75,692	\$ 85,252
LIABILITIES AND NET DEFICIT		
Liabilities		
Accounts payable	\$ 957	\$ 1,972
Accrued payroll and payroll taxes	5,341	6,660
Payable to affiliate	2,534	2,399
Loan payable - affiliate	81,872	89,617
Deferred revenue	77,421	73,906
Total Liabilities	168,125	174,554
Net Deficit		
Unrestricted	(97,433)	(89,302)
Temporarily restricted	5,000	-
Total net deficit	(92,433)	(89,302)
Total Liabilities and Net Deficit	\$ 75,692	\$ 85,252

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

COMPEER, INC.
Statement of Activities and Change in Net Deficit
For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Program services	\$ -	\$ 246,778	\$ 246,778
Contributions	1,715	5,000	6,715
Membership dues	35,225	-	35,225
Other income	3,341	-	3,341
Net assets released from restrictions	<u>246,778</u>	<u>(246,778)</u>	<u>-</u>
Total support and revenue	<u>287,059</u>	<u>5,000</u>	<u>292,059</u>
Expenses			
Program services	233,866	-	233,866
Management and general	<u>56,158</u>	<u>-</u>	<u>56,158</u>
Total expenses	<u>290,024</u>	<u>-</u>	<u>290,024</u>
Change in Net Assets Before Other Expense	(2,965)	5,000	2,035
Other Expense			
Interest expense	<u>5,166</u>	<u>-</u>	<u>5,166</u>
Change in Net Deficit	(8,131)	5,000	(3,131)
Net Deficit - Beginning	<u>(89,302)</u>	<u>-</u>	<u>(89,302)</u>
Net Deficit - Ending	<u>\$ (97,433)</u>	<u>\$ 5,000</u>	<u>\$ (92,433)</u>

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COMPEER, INC.
Statement of Activities and Change in Net Deficit
For the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Program services	\$ -	\$ 247,319	\$ 247,319
Contributions	7,500	-	7,500
Membership dues	31,675	-	31,675
Other income	9,869	-	9,869
Net assets released from restrictions	252,319	(252,319)	-
Total support and revenue	<u>301,363</u>	<u>(5,000)</u>	<u>296,363</u>
Expenses			
Program services	208,267	-	208,267
Management and general	47,640	-	47,640
Total expenses	<u>255,907</u>	<u>-</u>	<u>255,907</u>
Change in Net Assets Before Other Expense	45,456	(5,000)	40,456
Other Expense			
Interest expense	5,616	-	5,616
Change in Net Deficit	39,840	(5,000)	34,840
Net Deficit - Beginning	<u>(129,142)</u>	<u>5,000</u>	<u>(124,142)</u>
Net Deficit - Ending	<u>\$ (89,302)</u>	<u>\$ -</u>	<u>\$ (89,302)</u>

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

COMPEER, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2010

	<u>NYS Program</u>	<u>Livingston County Program</u>	<u>International Program</u>	<u>Management and General</u>	<u>2010 Total</u>
Salaries	\$ 36,325	\$ 27,275	\$ 22,195	\$ 30,000	\$ 115,795
OMH pass through	98,728	-	-	-	98,728
Consultants	-	-	-	15,844	15,844
Occupancy (rent and utilities)	3,213	3,030	3,213	-	9,456
Payroll taxes	2,939	2,113	1,787	2,387	9,226
Employee benefits	633	5,346	930	473	7,382
Legal and professional	-	-	-	6,450	6,450
Insurance	2,565	855	855	-	4,275
Meetings and travel	1,974	1,425	731	-	4,130
Client enrichment	29	328	2,491	-	2,848
Telephone and internet	503	1,609	503	-	2,615
Conferences	1,011	-	1,491	-	2,502
Supplies	744	6	1,279	-	2,029
Postage and shipping	529	720	777	-	2,026
Miscellaneous	1,054	351	351	-	1,756
Public relations	-	946	237	-	1,183
Depreciation	-	-	-	1,004	1,004
Equipment rental	342	-	342	-	684
Dues and subscriptions	-	145	478	-	623
Printing	171	-	399	-	570
Subcontractors	239	3	216	-	458
Service charge	185	62	63	-	310
Janitorial	65	-	65	-	130
Total functional expenses	<u>\$ 151,249</u>	<u>\$ 44,214</u>	<u>\$ 38,403</u>	<u>\$ 56,158</u>	<u>\$ 290,024</u>

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

COMPEER, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2009

	<u>NYS Program</u>	<u>Livingston County Program</u>	<u>International Program</u>	<u>Management and General</u>	<u>2009 Total</u>
OMH pass through	\$ 99,000	\$ -	\$ -	\$ -	\$ 99,000
Salaries	29,423	28,164	1,875	21,120	80,582
Consultants	-	-	-	17,184	17,184
Meetings and travel	7,862	1,215	884	-	9,961
Occupancy (rent and utilities)	4,708	3,207	1,177	-	9,092
Legal and professional	-	-	-	6,239	6,239
Payroll taxes	2,147	2,028	294	1,714	6,183
Employee benefits	552	4,149	(151)	781	5,331
Insurance	2,617	872	912	-	4,401
Supplies	1,211	1,023	965	-	3,199
Telephone and internet	631	1,226	618	-	2,475
Postage and shipping	720	1,002	542	-	2,264
Public relations	173	904	818	-	1,895
Client enrichment	253	1,022	594	-	1,869
Conferences	1,312	-	471	-	1,783
Miscellaneous	1,068	306	344	-	1,718
Subcontractors	602	-	126	-	728
Equipment rental	541	-	135	-	676
Depreciation	-	-	-	602	602
Dues and subscriptions	30	197	130	-	357
Printing	158	-	39	-	197
Janitorial	127	-	32	-	159
Service charge	-	-	12	-	12
Total functional expenses	<u>\$ 153,135</u>	<u>\$ 45,315</u>	<u>\$ 9,817</u>	<u>\$ 47,640</u>	<u>\$ 255,907</u>

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

COMPEER, INC.
Statements of Cash Flows
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities		
Changes in net deficit	\$ (3,131)	\$ 34,840
Adjustments		
Depreciation	1,004	602
Changes in assets and liabilities		
Accounts receivable	4,384	5,236
Prepaid expenses	(229)	(408)
Accounts payable	(1,015)	(14,894)
Accrued payroll and payroll taxes	(1,319)	3,002
Payable to affiliate	135	99
Deferred revenue	3,515	42,031
Net cash flows from operating activities	3,344	70,508
 Cash Flows from Investing Activities		
Purchases of equipment	(1,000)	(799)
 Cash Flows from Financing Activities		
Repayments on loan payable - affiliate	(7,745)	(7,295)
 Net Change in Cash and Cash Equivalents	(5,401)	62,414
 Cash and Cash Equivalents - Beginning	63,451	1,037
 Cash and Cash Equivalents - Ending	\$ 58,050	\$ 63,451

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

COMPEER, INC.
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Organization

Organization - The primary purpose of Compeer, Inc. (Compeer) is to support and disseminate, on a national and international basis, the Compeer model for providing volunteer companion services to individuals being treated for mental illnesses or other emotional issues.

Standards of Accounting and Financial Reporting - The financial statements are presented in accordance with ASC 958-205 (*Financial Statements of Not-For-Profit Organizations*). Under ASC 958-205, Compeer is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets, defined as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met either by actions and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that are to be maintained permanently. Generally, the donors of these assets permit the use of all or part of the income earned on the related investments for general or specific purposes.

Compeer accounts for contributions in accordance with ASC 605-10 (*Accounting for Contributions Received and Contributions Made*), whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as satisfaction of restrictions.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For the purposes of the statements of financial position and the statements of cash flows, cash and cash equivalents include deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less. Compeer maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits.

Accounts Receivable - Compeer considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Office Equipment - Office equipment is recorded at cost. Depreciation is computed on the straight-line method over an estimated useful life of five years. Expenditures for maintenance, repairs and renewals of relatively minor items are generally charged to earnings as incurred. It is Compeer's policy to capitalize all assets in excess of \$50 and an estimated useful life of more than one year.

Deferred Revenue - Membership dues are recorded as revenues when earned. Accordingly, amounts billed and paid prior to being earned are recorded as deferred revenue and recognized when services are rendered.

Deferred revenue is also comprised of amounts received in advance of contract periods.

COMPEER, INC.
Notes to Financial Statements

Member Agencies - Compeer allocates funds to member agencies which provide services which rehabilitate and support men, women and children receiving mental health care.

Income Taxes - Compeer is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

In accordance with ASC 740-10-50, *Accounting for Uncertainty in Income Taxes*, the Organization recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Management believes that the Organization is currently operating in compliance with the applicable requirements of the Internal Revenues Code. Therefore, no liability for unrecognized tax benefits has been included on the Organization's financial statements. The exempt Organization's informational returns are subject to audit by various taxing authorities and its open audit periods are 2008 and 2010.

Subsequent Events - In accordance with ASC 855-10, Compeer evaluated subsequent events through May 16, 2011, the date these financial statements were available to be issued.

Note 2. Related Party Transactions

Compeer Rochester, Inc. (Rochester) is a related party through common board members. The boards are completely separate in 2011.

Compeer has a term loan due to Rochester in monthly installments of \$1,076, including interest at 6% due December 2018. Amounts owed to Rochester from Compeer were \$81,872 and \$89,617 at December 31, 2010 and 2009, respectively. Interest expense was \$5,166 and \$5,616 for the years ended December 31, 2010 and 2009, respectively.

Annual maturities of the term loan payable are as follows:

2011	\$ 8,222
2012	8,729
2013	9,268
2014	9,840
2015	10,446
Thereafter	35,367
Total	<u>\$ 81,872</u>

Payable to affiliate consists of amounts due to Rochester for 401k and shared office use expenses.

Rochester also charges Compeer for shared personnel, office space and equipment. Shared office expenses totaled \$24,845 and \$26,635 for the years ended December 31, 2010 and 2009, respectively.

COMPEER, INC.
Notes to Financial Statements

Note 3. Concentrations

Approximately 85% of Compeer's revenues are received from two funding sources.

Note 4. Lease Commitments

Compeer's Livingston County program rents office space from an unrelated company on a month-to-month basis with a required 30 day notice given to renegotiate the lease at a future time. The program also pays a portion of the utilities under another co-tenant agreement with another unrelated company. Rent and utility expense under these agreements totaled \$2,400 for each of the years ended December 31, 2010 and 2009.

Note 5. Benefit Plan

Compeer sponsors a defined contribution plan covering all employees who have reached the age of 21 years and completed one year of service. Compeer matches 100% of employee contributions up to 3% of employee wages. In addition, the Board of Directors may approve a discretionary contribution to the plan.

Matching contributions to the plan totaled \$1,485 and \$1,204 for the years ended December 31, 2010 and 2009, respectively. There were no discretionary contributions during 2010 or 2009.

Note 6. Supplemental Cash Flow Information

	<u>2010</u>	<u>2009</u>
Cash paid during the year for:		
Interest	\$ 5,166	\$ 5,616

COMPEER, INC.
Supplemental Statement of Changes in Unrestricted Net Deficit
For the Year Ended December 31, 2010

	<u>NYS Program</u>	<u>Livingston County Program</u>	<u>International Program</u>	<u>Management and General</u>	<u>Total</u>
Revenues					
Contributions, contracts, and grants	\$ 196,683	\$ 50,095	\$ 1,715	\$ -	\$ 248,493
Other income	-	-	3,341	-	3,341
Membership dues	-	-	35,225	-	35,225
Total revenues	<u>196,683</u>	<u>50,095</u>	<u>40,281</u>	<u>-</u>	<u>287,059</u>
Expenses					
Salaries	36,325	27,275	22,195	30,000	115,795
Overhead allocation	36,878	8,963	10,317	(56,158)	-
OMH pass through	98,728	-	-	-	98,728
Consultants	-	-	-	15,844	15,844
Occupancy (rent and utilities)	3,213	3,030	3,213	-	9,456
Payroll taxes	2,939	2,113	1,787	2,387	9,226
Employee benefits	633	5,346	930	473	7,382
Legal and professional	-	-	-	6,450	6,450
Interest	5,166	-	-	-	5,166
Insurance	2,565	855	855	-	4,275
Meetings and travel	1,974	1,425	731	-	4,130
Client enrichment	29	328	2,491	-	2,848
Telephone and internet	503	1,609	503	-	2,615
Conferences	1,011	-	1,491	-	2,502
Supplies	744	6	1,279	-	2,029
Postage and shipping	529	720	777	-	2,026
Miscellaneous	1,054	351	351	-	1,756
Public relations	-	946	237	-	1,183
Depreciation	-	-	-	1,004	1,004
Equipment rental	342	-	342	-	684
Dues and subscriptions	-	145	478	-	623
Printing	171	-	399	-	570
Subcontractors	239	3	216	-	458
Service charge	185	62	63	-	310
Janitorial	65	-	65	-	130
Total expenses	<u>193,293</u>	<u>53,177</u>	<u>48,720</u>	<u>-</u>	<u>295,190</u>
Change in Net Deficit	3,390	(3,082)	(8,439)	-	(8,131)
Net Deficit - Beginning	<u>(3,915)</u>	<u>(1,343)</u>	<u>(84,044)</u>	<u>-</u>	<u>(89,302)</u>
Net Deficit - Ending	<u>\$ (525)</u>	<u>\$ (4,425)</u>	<u>\$ (92,483)</u>	<u>\$ -</u>	<u>\$ (97,433)</u>

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