

**COMPEER, INC.**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

# COMPEER, INC.

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Compeer, Inc.  
Rochester, NY

We have audited the accompanying financial statements of Compeer, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **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, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Our audit was 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, 2012 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 related 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.

The 2011 financial statements of Compeer, Inc. were audited by other accountants, whose report dated May 23, 2012, stated that based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Gray Lacey CPA, PC*

May 30, 2013

# COMPEER, INC.

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2012 AND 2011

### ASSETS

	<u>2012</u>	<u>2011</u>
Current assets		
Cash	\$ 43,186	\$ 47,456
Accounts receivable	13,500	17,865
Prepaid expenses	<u>1,078</u>	<u>918</u>
Total current assets	57,764	66,239
Office equipment - net of accumulated depreciation of \$4,611 in 2012 and \$4,284 in 2011	<u>799</u>	<u>526</u>
	<u>\$ 58,563</u>	<u>\$ 66,765</u>

### LIABILITIES AND NET ASSETS (DEFICIT)

Current liabilities		
Accounts payable	435	2,188
Accrued payroll and payroll taxes	5,665	6,902
Payable to affiliate	3,591	443
Deferred revenue	<u>70,923</u>	<u>74,175</u>
Total current liabilities	80,614	83,708
Loan payable - Compeer Rochester, Inc.	<u>0</u>	<u>73,650</u>
	<u>80,614</u>	<u>157,358</u>
Net assets (deficit)		
Unrestricted	(25,551)	(95,593)
Temporarily restricted	<u>3,500</u>	<u>5,000</u>
	<u>(22,051)</u>	<u>(90,593)</u>
	<u>\$ 58,563</u>	<u>\$ 66,765</u>

See accompanying notes and independent auditors' report

# COMPEER, INC.

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Program services	\$ 0	\$ 235,399	\$ 235,399
Contributions	11,560	0	11,560
Grants	0	3,500	3,500
Membership dues	26,101	0	26,101
Net assets released from restrictions	<u>240,399</u>	<u>(240,399)</u>	<u>0</u>
 Total support and revenue	 <u>278,060</u>	 <u>(1,500)</u>	 <u>276,560</u>
 Expenses			
Program services	235,590	0	235,590
Management and general	<u>45,526</u>	<u>0</u>	<u>45,526</u>
 Total expenses	 <u>281,116</u>	 <u>0</u>	 <u>281,116</u>
 Change in net assets before other income (expense)	 (3,056)	 (1,500)	 (4,556)
 Other income (expense)			
In-kind donation - Compeer Rochester, Inc.	12,360	0	12,360
Forgiveness of debt	64,920	0	64,920
Interest expense	<u>(4,182)</u>	<u>0</u>	<u>(4,182)</u>
 Increase (decrease) in net assets	 70,042	 (1,500)	 68,542
 Net assets (deficit) - beginning	 <u>(95,593)</u>	 <u>5,000</u>	 <u>(90,593)</u>
 Net assets (deficit) - ending	 <u>\$ (25,551)</u>	 <u>\$ 3,500</u>	 <u>\$ (22,051)</u>

See accompanying notes and independent auditors' report

# COMPEER, INC.

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Program services	\$ 0	\$ 240,265	\$ 240,265
Contributions	11,921	0	11,921
Grants	0	5,000	5,000
Membership dues	28,423	0	28,423
Other income	9,927	0	9,927
Net assets released from restrictions	<u>245,265</u>	<u>(245,265)</u>	<u>0</u>
Total support and revenue	<u>295,536</u>	<u>0</u>	<u>295,536</u>
Expenses			
Program services	245,305	0	245,305
Management and general	<u>56,062</u>	<u>0</u>	<u>56,062</u>
Total expenses	<u>301,367</u>	<u>0</u>	<u>301,367</u>
Change in net assets before other income (expense)	(5,831)	0	(5,831)
Other income (expense)			
In-kind donation- Compeer Rochester, Inc.	12,360	0	12,360
Interest expense	<u>(4,689)</u>	<u>0</u>	<u>(4,689)</u>
Increase in net assets	1,840	0	1,840
Net assets (deficit) - beginning	<u>(97,433)</u>	<u>5,000</u>	<u>(92,433)</u>
Net assets (deficit) - ending	<u>\$ (95,593)</u>	<u>\$ 5,000</u>	<u>\$ (90,593)</u>

See accompanying notes and independent auditors' report

# COMPEER, INC.

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>NYS Program</u>	<u>Livingston County Program</u>	<u>International Program</u>	<u>Management and General</u>	<u>2012 Total</u>
Salaries	\$ 45,528	\$ 30,776	\$ 10,486	\$ 26,563	\$ 113,353
OMH pass through	92,652	0	0	0	92,652
Occupancy	3,400	3,038	3,400	0	9,838
Meetings and travel	6,841	1,163	1,818	0	9,822
Consultants	0	0	0	9,295	9,295
Payroll taxes	3,759	2,322	1,766	1,149	8,996
Legal and professional	0	0	0	7,800	7,800
Employee benefits	1,226	4,586	307	392	6,511
Insurance	1,390	1,579	1,306	0	4,275
Telephone and internet	852	1,987	852	0	3,691
Conferences	1,574	0	1,582	0	3,156
Payroll services	898	449	972	0	2,319
Client enrichment	847	799	0	0	1,646
Supplies	794	0	782	0	1,576
Dues and subscriptions	430	179	827	0	1,436
Public relations	104	1,035	250	0	1,389
Postage and shipping	218	469	398	0	1,085
Printing	87	0	684	0	771
Equipment rental	350	0	350	0	700
Depreciation	0	0	0	327	327
Subcontractors	0	0	185	0	185
Janitorial	80	0	80	0	160
Service charge	45	23	65	0	133
	<u>\$ 161,075</u>	<u>\$ 48,405</u>	<u>\$ 26,110</u>	<u>\$ 45,526</u>	<u>\$ 281,116</u>

See accompanying notes and independent auditors' report.



# COMPEER, INC.

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>NYS Program</u>	<u>Livingston County Program</u>	<u>International Program</u>	<u>Management and General</u>	<u>2011 Total</u>
Salaries	\$ 46,869	\$ 32,465	\$ 7,827	\$ 35,000	\$ 122,161
OMH pass through	94,276	0	0	0	94,276
Meetings and travel	7,895	1,243	2,606	0	11,744
Consultants	0	0	0	10,624	10,624
Payroll taxes	3,901	2,496	696	2,796	9,889
Occupancy	3,400	3,044	3,400	0	9,844
Legal and professional	0	0	0	6,650	6,650
Employee benefits	1,104	4,656	260	518	6,538
Conferences	2,354	132	2,034	0	4,520
Client enrichment	0	3,336	1,095	0	4,431
Insurance	2,057	1,329	899	0	4,285
Telephone and internet	884	1,576	884	0	3,344
Supplies	830	1,222	730	0	2,782
Payroll services	1,377	459	505	0	2,341
Subcontractors	454	0	1,612	0	2,066
Postage and shipping	247	688	709	0	1,644
Public relations	0	1,011	0	0	1,011
Dues and subscriptions	321	79	396	0	796
Equipment rental	350	0	350	0	700
Printing	330	17	318	0	665
Depreciation	0	0	0	474	474
Fundraising	0	0	422	0	422
Janitorial	80	0	80	0	160
	<u>\$ 166,729</u>	<u>\$ 53,753</u>	<u>\$ 24,823</u>	<u>\$ 56,062</u>	<u>\$ 301,367</u>

See accompanying notes and independent auditors' report.

# COMPEER, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Net increase in net assets	\$ 68,542	\$ 1,840
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:		
Depreciation	327	474
(Increase) decrease in:		
Accounts receivable	4,364	(1,860)
Prepaid expenses	(160)	(281)
Increase (decrease) in:		
Accounts payable	(1,753)	1,231
Accrued payroll and payroll taxes	(1,237)	1,561
Payable to affiliate	3,148	(2,091)
Deferred revenue	<u>(3,252)</u>	<u>(3,246)</u>
Net cash provided by operating activities	69,979	(2,372)
Cash flows from investing activities:		
Capital expenditures	(600)	0
Cash flows from financing activities:		
Repayments on loan payable - Compeer Rochester, Inc.	<u>(73,650)</u>	<u>(8,222)</u>
Net decrease in cash	(4,271)	(10,594)
Cash - beginning	<u>47,456</u>	<u>58,050</u>
Cash - ending	<u>\$ 43,186</u>	<u>\$ 47,456</u>

See accompanying notes and independent auditors' report.

# COMPEER, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

### **Note 1: Summary of Significant Accounting Policies**

#### **Nature of Business**

Compeer, Inc. (the Organization) is a not-for-profit organization that supports and disseminates, 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.

#### **Method of Accounting**

The financial statements are prepared using the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

#### **Basis of Presentation**

In accordance with accounting principles generally accepted in the United States of America, the Organization reports information regarding its financial positions and activities according to the existence and nature of donor restrictions in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

The Organization also records contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

The following are descriptions of the Organization's net asset classifications:

Unrestricted Net Assets: Unrestricted net assets include resources that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Temporarily restricted net assets include resources from contributions where use by the Organization is subject to donors' restrictions that expire with the passage of time or by actions of the Organization.

When donor restrictions from prior years expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Permanently restricted net assets include resources from contributions where donors have imposed restrictions which do not expire with the passage of time and are not removed by actions of the Organization.

See independent auditors' report.

# COMPEER, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Income Taxes**

The Internal Revenue Service has determined that the Organization is qualified as a charity exempt 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.

Accounting standards require entities to disclose in their financial statements the nature of any uncertain tax positions. Tax years including the year ended December 31, 2009 and later are subject to examination by tax authorities. Areas that IRS and state tax authorities consider when examining tax returns of a charity include, but may not be limited to, tax-exempt status and the existence and amount of unrelated business income. The Organization does not believe that it has any uncertain tax positions with respect to these or other matters, and has not recorded any unrecognized tax benefits or liability for penalties or interest.

#### **Accounts Receivable and Allowance for Doubtful Accounts**

The Company is on the allowance method for writing off bad debts. The Company considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

#### **Office Equipment**

Office equipment is recorded at cost. Depreciation is computed using the straight-line method over estimated useful lives ranging from three to five years.

#### **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.

#### **Member Agencies**

Compeer, Inc. allocates funds to member agencies which provide community based services to support social inclusion for men, women, and children receiving mental health care, and their families.

#### **Use of 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 periods. Actual results could differ from these estimates.

See independent auditors' report.

# COMPEER, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

### Note 1: Summary of Significant Accounting Policies (Continued)

#### Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation. Total net assets and net increase (decrease) in net assets are unchanged due to these reclassifications.

### Note 2: Cash Flow Information

Cash paid for interest during 2012 and 2011 was as follows:

	<u>2012</u>	<u>2011</u>
Interest	\$ <u>4,182</u>	\$ <u>4,689</u>

### Note 3: Pension Plans

The Organization has a defined contribution plan covering all employees who have reached the age of 21 years, worked at least 1,000 hours, and completed one year of service. Compeer, Inc. 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. The Organization made matching contributions of \$1,691 in 2012 and \$1,692 in 2011. There were no discretionary contributions during 2012 or 2011.

### Note 4: Related Party Transactions

Compeer Rochester, Inc. (Rochester) is an affiliate member of Compeer, Inc. The Organization had a term loan due to Rochester in monthly installments of \$1,076, including interest at 6%, due December 2018. Interest expense was \$4,182 in 2012 and \$4,689 in 2011. The balance of \$64,920 on the loan at December 31, 2012 was forgiven by Compeer Rochester, Inc.

In addition, the Organization received an in-kind donation from Compeer Rochester, Inc. of \$12,360 in 2012 and 2011.

### Note 5: 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 expense under these agreements total \$2,400 for 2012 and 2011.

See independent auditors' report.

# COMPEER, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

### **Note 6: Concentrations**

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

The Organization's financial instruments that are exposed to concentration of credit risk consist primarily of cash and accounts receivable. The Organization places its cash and temporary cash investments with high credit quality institutions. At times, such investments may be in excess of the FDIC insurance limit. The Organization routinely assesses the financial strength of its customers and, as a consequence, believes credit risk exposure is limited.

### **Note 7: Subsequent Events**

Management performed an evaluation of the Organization's activity through May 30, 2013, and concluded that there are no significant subsequent events requiring disclosure through the date these financial statements were available to be issued.

See independent auditors' report.

## **SUPPLEMENTARY INFORMATION**

# COMPEER, INC.

## SUPPLEMENTAL STATEMENT OF CHANGES IN UNRESTRICTED NET DEFICIT FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>NYS Program</u>	<u>Livingston County Program</u>	<u>International Program</u>	<u>Management and General</u>	<u>Total</u>
<b>Revenues</b>					
Contributions, contracts, and grants	\$ 185,304	\$ 53,545	\$ 11,610	\$ 0	\$ 250,459
Other income	0	0	0	0	0
Membership dues	0	0	26,101	0	26,101
Forgiveness of debt	0	0	64,920	0	64,920
In-kind donation- Compeer Rochester, Inc.	4,930	0	7,430	0	12,360
	<u>190,234</u>	<u>53,545</u>	<u>110,061</u>	<u>0</u>	<u>353,840</u>
Released from restrictions	<u>0</u>	<u>0</u>	<u>1,500</u>	<u>0</u>	<u>1,500</u>
<b>Total revenues and other support</b>	<u>190,234</u>	<u>53,545</u>	<u>111,561</u>	<u>0</u>	<u>355,340</u>
<b>Expenses</b>					
Salaries	45,528	30,776	10,486	26,563	113,353
OMH pass through	92,652	0	0	0	92,652
Meetings and travel	6,841	1,163	1,818	0	9,822
Consultants	0	0	0	9,295	9,295
Payroll taxes	3,759	2,322	1,766	1,149	8,996
Occupancy (rent and utilities)	3,400	3,038	3,400	0	9,838
Legal and professional	0	0	0	7,800	7,800
Employee benefits	1,226	4,586	307	392	6,511
Conferences	1,574	0	1,582	0	3,156
Client enrichment	847	799	0	0	1,646
Interest	0	0	4,182	0	4,182
Insurance	1,390	1,579	1,306	0	4,275
Telephone and internet	852	1,987	852	0	3,691
Supplies	794	0	782	0	1,576
Payroll services	898	449	972	0	2,319
Subcontractors	0	0	185	0	185
Postage and shipping	218	469	398	0	1,085
Public relations	104	1,035	250	0	1,389
Dues and subscriptions	430	179	827	0	1,436
Equipment rental	350	0	350	0	700
Printing	87	0	684	0	771
Depreciation	0	0	0	327	327
Janitorial	80	0	80	0	160
Service charge	45	23	65	0	133
Overhead allocation	30,958	9,560	5,008	(45,526)	0
<b>Total expenses</b>	<u>192,033</u>	<u>57,965</u>	<u>35,300</u>	<u>0</u>	<u>285,298</u>
Increase (decrease) in net assets	(1,799)	(4,420)	76,261	0	70,042
Net deficit - beginning	<u>(10,248)</u>	<u>(12,928)</u>	<u>(72,417)</u>	<u>0</u>	<u>(95,593)</u>
Net assets (deficit) - ending	<u>\$ (12,047)</u>	<u>\$ (17,348)</u>	<u>\$ 3,844</u>	<u>\$ 0</u>	<u>\$ (25,551)</u>

See accompanying notes and independent auditors' report.