

**COMPEER, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**



## INDEPENDENT AUDITORS' REPORT

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

We have audited the statements of financial position of Compeer, Inc. as of December 31, 2011 and 2010, 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, 2011 and 2010, 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, 2011 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 23, 2012

**COMPEER, INC.**  
**Statements of Financial Position**  
**December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 47,456	\$ 58,050
Accounts receivable	17,865	16,005
Prepaid expenses	918	637
Office equipment - net of accumulated depreciation of \$3,284 and \$2,810, respectively	526	1,000
<b>Total Assets</b>	<b>\$ 66,765</b>	<b>\$ 75,692</b>
<b>LIABILITIES AND NET DEFICIT</b>		
<b>Liabilities</b>		
Accounts payable	\$ 2,188	\$ 957
Accrued payroll and payroll taxes	6,902	5,341
Payable to affiliate	443	2,534
Loan payable - Compeer Rochester, Inc.	73,650	81,872
Deferred revenue	74,175	77,421
<b>Total Liabilities</b>	<b>157,358</b>	<b>168,125</b>
<b>Net Deficit</b>		
Unrestricted	(95,593)	(97,433)
Temporarily restricted	5,000	5,000
Total net deficit	(90,593)	(92,433)
<b>Total Liabilities and Net Deficit</b>	<b>\$ 66,765</b>	<b>\$ 75,692</b>

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

**COMPEER, INC.**  
**Statement of Activities and Changes in Net Deficit**  
**For the Year Ended December 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
Program services	\$ -	\$ 240,265	\$ 240,265
Contributions	11,921	-	11,921
Grants	-	5,000	5,000
Membership dues	28,423	-	28,423
Other income	9,927	-	9,927
Net assets released from restrictions	245,265	(245,265)	-
Total support and revenue	<u>295,536</u>	<u>-</u>	<u>295,536</u>
<b>Expenses</b>			
Program services	245,305	-	245,305
Management and general	56,062	-	56,062
Total expenses	<u>301,367</u>	<u>-</u>	<u>301,367</u>
<b>Change in Net Deficit Before Other Income (Expense)</b>	<u>(5,831)</u>	<u>-</u>	<u>(5,831)</u>
<b>Other Income (Expense)</b>			
In-kind donation - Compeer Rochester, Inc.	12,360	-	12,360
Interest expense	(4,689)	-	(4,689)
Total other income (expense)	<u>7,671</u>	<u>-</u>	<u>7,671</u>
<b>Change in Net Deficit</b>	1,840	-	1,840
<b>Net Deficit - Beginning</b>	<u>(97,433)</u>	<u>5,000</u>	<u>(92,433)</u>
<b>Net Deficit - Ending</b>	<u>\$ (95,593)</u>	<u>\$ 5,000</u>	<u>\$ (90,593)</u>

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

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

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

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

**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	-	-	-	94,276
Meetings and travel	7,895	1,243	2,606	-	11,744
Consultants	-	-	-	10,624	10,624
Payroll taxes	3,901	2,496	696	2,796	9,889
Occupancy (rent and utilities)	3,400	3,044	3,400	-	9,844
Legal and professional	-	-	-	6,650	6,650
Employee benefits	1,104	4,656	260	518	6,538
Conferences	2,354	132	2,034	-	4,520
Client enrichment	-	3,336	1,095	-	4,431
Insurance	2,057	1,329	899	-	4,285
Telephone and internet	884	1,576	884	-	3,344
Supplies	830	1,222	730	-	2,782
Miscellaneous	1,377	459	505	-	2,341
Subcontractors	454	-	1,612	-	2,066
Postage and shipping	247	688	709	-	1,644
Public relations	-	1,011	-	-	1,011
Dues and subscriptions	321	79	396	-	796
Equipment rental	350	-	350	-	700
Printing	330	17	318	-	665
Depreciation	-	-	-	474	474
Fundraising	-	-	422	-	422
Janitorial	80	-	80	-	160
Total functional expenses	<u>\$ 166,729</u>	<u>\$ 53,753</u>	<u>\$ 24,823</u>	<u>\$ 56,062</u>	<u>\$ 301,367</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.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Cash Flows from Operating Activities</b>		
Change in net deficit	\$ 1,840	\$ (3,131)
Adjustments		
Depreciation	474	1,004
Changes in assets and liabilities		
Accounts receivable	(1,860)	4,384
Prepaid expenses	(281)	(229)
Accounts payable	1,231	(1,015)
Accrued payroll and payroll taxes	1,561	(1,319)
Payable to affiliate	(2,091)	135
Deferred revenue	(3,246)	3,515
Net cash flows from operating activities	<u>(2,372)</u>	<u>3,344</u>
 <b>Cash Flows from Investing Activities</b>		
Purchases of equipment	-	(1,000)
 <b>Cash Flows from Financing Activities</b>		
Repayments on loan payable - Compeer Rochester, Inc.	<u>(8,222)</u>	<u>(7,745)</u>
 <b>Net Change in Cash and Cash Equivalents</b>	(10,594)	(5,401)
 <b>Cash and Cash Equivalents - Beginning</b>	<u>58,050</u>	<u>63,451</u>
 <b>Cash and Cash Equivalents - Ending</b>	<u>\$ 47,456</u>	<u>\$ 58,050</u>

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



**COMPEER, INC.**  
**Notes to Financial Statements**

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**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. 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 958-605, 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 lives ranging from three to 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**

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**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, 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 Revenue 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 through 2011.

**Subsequent Events** - In accordance with ASC 855-10, Compeer evaluated subsequent events through May 23, 2012, the date these financial statements were available to be issued.

**Note 2. Related Party Transactions**

Compeer Rochester, Inc. (Rochester) is an affiliate member of Compeer, Inc.

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 \$73,650 and \$81,872 at December 31, 2011 and 2010, respectively. Interest expense was \$4,689 and \$5,166 for the years ended December 31, 2011 and 2010, respectively.

Annual maturities of the term loan payable are as follows:

2012	\$ 8,729
2013	9,268
2014	9,840
2015	10,446
2016	11,091
Thereafter	<u>24,276</u>
Total	<u>\$ 73,650</u>

Rochester also charges Compeer for shared personnel, office space and equipment. Shared office expenses totaled \$6,899 and \$24,845 for the years ended December 31, 2011 and 2010, respectively. In 2011, Compeer had a written agreement with Rochester in which Rochester agreed to donate the expense for shared office space and equipment. In 2011, Compeer recognized in-kind donations of \$12,360 related to this agreement. Payable to affiliate consists of amounts due to Rochester for shared office use expenses.

**COMPEER, INC.**  
**Notes to Financial Statements**

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**Note 3. Concentrations**

Approximately 83% 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 expense under these agreements totaled \$2,400 for each of the years ended December 31, 2011 and 2010.

**Note 5. Benefit Plan**

Compeer sponsors 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 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 \$1,692 and \$1,485 for the years ended December 31, 2011 and 2010, respectively. There were no discretionary contributions during 2011 or 2010.

**Note 6. Supplemental Cash Flow Information**

	<u>2011</u>	<u>2010</u>
Cash paid during the year for:		
Interest	\$ 4,689	\$ 5,166

**COMPEER, INC.**  
**Supplemental Statement of Changes in Unrestricted Net Deficit**  
**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>Total</u>
<b>Revenues</b>					
Contributions, contracts, and grants	\$ 190,180	\$ 57,535	\$ 9,471	\$ -	\$ 257,186
Other income	-	-	9,927	-	9,927
Membership dues	-	-	28,423	-	28,423
In-kind donation - Compeer Rochester, Inc.	4,930	-	7,430	-	12,360
Total revenues	<u>195,110</u>	<u>57,535</u>	<u>55,251</u>	<u>-</u>	<u>307,896</u>
<b>Expenses</b>					
Salaries	46,869	32,465	7,827	35,000	122,161
OMH pass through	94,276	-	-	-	94,276
Meetings and travel	7,895	1,243	2,606	-	11,744
Consultants	-	-	-	10,624	10,624
Payroll taxes	3,901	2,496	696	2,796	9,889
Occupancy (rent and utilities)	3,400	3,044	3,400	-	9,844
Legal and professional	-	-	-	6,650	6,650
Employee benefits	1,104	4,656	260	518	6,538
Interest	-	-	4,689	-	4,689
Conferences	2,354	132	2,034	-	4,520
Client enrichment	-	3,336	1,095	-	4,431
Insurance	2,057	1,329	899	-	4,285
Telephone and internet	884	1,576	884	-	3,344
Supplies	830	1,222	730	-	2,782
Miscellaneous	1,377	459	505	-	2,341
Subcontractors	454	-	1,612	-	2,066
Postage and shipping	247	688	709	-	1,644
Public relations	-	1,011	-	-	1,011
Dues and subscriptions	321	79	396	-	796
Equipment rental	350	-	350	-	700
Printing	330	17	318	-	665
Depreciation	-	-	-	474	474
Fundraising	-	-	422	-	422
Janitorial	80	-	80	-	160
Overhead allocation	38,104	12,285	5,673	(56,062)	-
Total expenses	<u>204,833</u>	<u>66,038</u>	<u>35,185</u>	<u>-</u>	<u>306,056</u>
<b>Change in Net Deficit</b>	(9,723)	(8,503)	20,066	-	1,840
<b>Net Deficit - Beginning</b>	<u>(525)</u>	<u>(4,425)</u>	<u>(92,483)</u>	<u>-</u>	<u>(97,433)</u>
<b>Net Deficit - Ending</b>	<u>\$ (10,248)</u>	<u>\$ (12,928)</u>	<u>\$ (72,417)</u>	<u>\$ -</u>	<u>\$ (95,593)</u>