

**COMMUNITY SERVICE CARE, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2010**

**COMMUNITY SERVICE CARE, INC.**

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To the Board of Directors  
Community Service Care, Inc.  
Jamaica Plain, Massachusetts 02130

We have reviewed the accompanying statement of financial position of Community Service Care, Inc. (a nonprofit organization) as of June 30, 2010, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America

  
Andrew M. Zuroff, C.P.A., P.C.

Jamaica Plain, Massachusetts  
November 10, 2010

**COMMUNITY SERVICE CARE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2010**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 271,555
Accounts receivable	13,665
Prepaid expenses	9,697
Other current assets	159
Total Current Assets	<u>295,076</u>
<b>PROPERTY AND EQUIPMENT</b>	
Property and equipment (Note 7)	579,138
Less: Accumulated Depreciation	<u>(270,722)</u>
Net Property and Equipment	<u>308,416</u>
Deposits	<u>6,700</u>
<b>Total Assets</b>	<b><u><u>\$ 610,192</u></u></b>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 51,813
Current portion of long term debt	<u>15,263</u>
Total Current Liabilities	<u>67,076</u>
<b>LONG TERM LIABILITIES</b>	
Other Liabilities (Note 9)	<u>42,679</u>
Total Long Term Liabilities	42,679
<b>NET ASSETS</b>	
Unrestricted	490,647
Temporarily restricted (See Note 3)	<u>9,790</u>
Total Net Assets	<u>500,437</u>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 610,192</u></u></b>

See accompanying notes and accountants' review report.

Andrew M. Zuroff, C.P.A., P.C.

**COMMUNITY SERVICE CARE, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2010**

**UNRESTRICTED NET ASSETS**

Unrestricted revenues:

Contributions	\$ 138,574
Grants	104,986
Program service fees	207,608
Other revenues	4,167
Gain on sale of property	62,857
Interest income	<u>355</u>

Total Unrestricted Revenues 518,547

Functional Expenses:

Program services	406,032
Supporting services	<u>180,808</u>

Total Functional Expenses 586,840

Increase in Unrestricted Net Assets (68,293)

**TEMPORARILY RESTRICTED NET ASSETS**

Funds raised 3,605

Bank charges 15

Increase in Temporarily Restricted Funds 3,590

Increase in Net Assets (64,703)

Net Assets at Beginning of Year 565,140

**Net Assets at End of Year** \$ 500,437

See accompanying notes and accountants' review report.

Andrew M. Zuroff, C.P.A., P.C.

**COMMUNITY SERVICE CARE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2010**

	Program Services										Total		
	Individual					Community Programs						Total Program Services	General and Administrative Expenses
	Group Homes	Independent Living	Arbol de Vida Tree of Life	Support Program	South Street Initiative	Family Stabilization	Community Programs	Program Services	Administrative	Total			
Salaries	\$ -0-	\$ -0-	\$65,278	\$6,884	\$55,923	\$ -0-	\$1,350	\$129,435	\$69,600	\$199,035			
Payroll taxes	-0-	-0-	9,744	1,028	8,351	-0-	201	19,324	10,396	29,720			
Fringe benefits	-0-	-0-	15,288	1,612	13,097	-0-	316	30,313	10,399	40,712			
Rent	-0-	-0-	1,200	-0-	-0-	-0-	254	1,454	700	2,154			
Mortgage Interest	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,699	7,699			
Utilities	13,333	100	-0-	-0-	-0-	-0-	-0-	13,433	17,338	30,771			
Maintenance	2,128	-0-	-0-	-0-	-0-	-0-	-0-	2,128	9,181	11,309			
Insurance	1,511	-0-	-0-	-0-	-0-	-0-	-0-	1,511	13,079	14,590			
Outside Services	-0-	-0-	22,090	-0-	11,561	17,202	38,283	89,136	12,354	101,490			
Transportation	247	40	364	-0-	-0-	1,200	297	2,148	1,355	3,503			
Meals	-0-	-0-	2,692	-0-	3,652	6,754	1,319	14,417	2,439	16,856			
Telephone	486	-0-	2,658	-0-	-0-	-0-	248	3,392	6,587	9,979			
Cable and internet	280	179	-0-	-0-	-0-	-0-	-0-	459	502	961			
Supplies	-0-	200	5,967	-0-	701	1,100	25,487	33,455	3,072	36,527			
Recreation	281	-0-	80	-0-	-0-	-0-	-0-	361	-0-	361			
Other Program expenses	14	548	12,550	-0-	17,266	7,107	360	37,845	7,126	44,971			
Community outreach	-0-	-0-	-0-	-0-	-0-	-0-	4,303	4,303	2,557	6,860			
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	21,424	21,424	-0-	21,424			
Professional Fees	-0-	-0-	1,344	-0-	-0-	-0-	150	1,494	6,424	7,918			
<b>TOTAL EXPENSES</b>	<b>\$18,280</b>	<b>\$1,067</b>	<b>\$139,255</b>	<b>\$9,524</b>	<b>\$110,551</b>	<b>\$33,363</b>	<b>\$93,992</b>	<b>\$406,032</b>	<b>\$180,808</b>	<b>\$586,840</b>			

See accompanying notes and accountants' review report.

Andrew M. Zuroff, C.P.A., P.C.

**COMMUNITY SERVICE CARE, INC.**  
**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2010**

**OPERATING ACTIVITIES**

Change in net assets	\$ (64,703)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	21,424
Gain on sale of property	(62,857)
Accounts receivable	76,855
Prepaid expenses	4,685
Accounts payable and accrued expenses	<u>(58,021)</u>
Net cash used by operating activities	<u>(82,617)</u>

**INVESTING ACTIVITIES**

Acquisition of property	(8,794)
Proceeds from sale of property	<u>202,175</u>
Net cash provided by investing activities	<u>193,381</u>

**FINANCING ACTIVITIES**

Payments on long term debt	<u>(219,527)</u>
Net cash used by financing activities	<u>(219,527)</u>

Net increase decrease in cash and cash equivalents (108,763)

Cash and cash equivalents - Beginning 380,318

**Cash and cash equivalents - Ending** \$ 271,555

**SUPPLEMENTAL DISCLOSURE**

Cash paid for interest \$ 7,699

See accompanying notes and accountants' review report.

Andrew M. Zuroff, C.P.A., P.C.

**COMMUNITY SERVICE CARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1--NATURE OF ACTIVITIES**

Nature of Activities

Community Service Care, Inc., (the organization) was incorporated in 1982 under the name of Dare House, Inc. In January 1983, the name was changed to Community Service Care, Inc. The corporation provides community residential treatment services for young people, environmental projects and educational programs in Jamaica Plain, Massachusetts.

**NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Method of Accounting

The organization uses the accrual method of accounting. Daily charges for care are determined according to contracts executed by the organization with the Massachusetts Department of Children and Families (formerly named Department of Social Services) and Massachusetts Department of Mental Retardation. Additional revenues are received from contributions and grants.

Expense Items	Allocation Method
Salaries and Wages	Time spent on actual program assignments.
Occupancy Costs	Square footage utilized by each program
General and Administrative Costs	Proportionately allocated among programs Based upon individual program costs to total costs of all programs.

All other costs are specifically allocated to programs by invoice.

Cash and Cash Equivalents: The organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At June 30, 2010 and 2009, the Organization did not have any amounts on deposit with banks in excess of the federal deposit insurance limits.

Advertising

Advertising costs are expensed as incurred. For the year ended June 30, 2010, the organization did not incur any advertising costs.

Allowance for bad debts

The organization does not generally incur significant bad debts given the fact that receivables are from government agencies.

See accountants' review report.

Andrew M. Zuroff, C.P.A., P.C.

**COMMUNITY SERVICE CARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contributed Services

During the year ended June 30, 2010 the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

Property and Equipment and Depreciation

It is the organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donated property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when donated or acquired assets are placed in service as instructed by the donor. The organization reclassifies temporary restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using straight-line method. The Organization utilizes the Commonwealth of Massachusetts OSD schedule of service lives of assets.

Financial Statement Presentation

Financial Statements for Not-for-profit Organizations are 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. As permitted by the statement, the Organization does not use fund accounting.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

See accountants' review report.

Andrew M. Zuroff, C.P.A., P.C.

**COMMUNITY SERVICE CARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Effective July 1, 2009, the Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2010.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2007.

The Organization's policy is to expense income tax related interest and penalties.

**NOTE 3--RESTRICTIONS ON NET ASSETS**

The surplus of the organization as of June 30, 2010 is accounted for as two (2) separate net asset funds: (1) unrestricted net asset fund, and (2) temporarily restricted net asset fund.

- 1) Unrestricted Net Asset Fund Balance  
The surplus accumulated in this fund is the cumulative profit from the operation of the agency. Unrestricted amounts totaled \$490,647 as of June 30, 2010.

See accountants' review report.

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**COMMUNITY SERVICE CARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3--RESTRICTIONS ON NET ASSETS(continued)**

- 2) Temporarily Restricted Net Asset Fund Balance  
The surplus in this fund is the balance of custodian and endowment funds, for which the organization maintains in a separate account. Permanently restricted amounts total \$9,790 as of June 30, 2010.

**NOTE 4--COMMITMENTS AND CONTINGENCIES**

Community Service Care, Inc. receives a portion of its funding from government agencies under reimbursement programs. These reimbursements are subject to audit by the appropriate government agencies. In management's opinion, the results of such audits, if any, will not have a material effect on the financial position of Community Service Care, Inc., as of June 30, 2010, or on its results of operations for the year then ended.

In prior years Community Service Care, Inc received substantially all of its support and revenue from the Commonwealth of Massachusetts. The residential programs affecting this support and revenue were modified, and reduced, and subsequently suspended effective June 30, 2009. Community Service Care, Inc.'s finances are materially affected.

**NOTE 5--MORTGAGE PAYABLE**

The mortgage payable, secured by land and building, is payable in equal monthly installments of \$2,434 consisting of interest at a rate of 5.25 percent per annum, with balance of the payment applied to the unpaid principle balance. The interest rate shall accrue at a rate equal to two hundred (200) basis points over the Lender's Cost of Funds Rate. The mortgage matures in January 2020. On December 28, 2009 the organization used \$200,000 of the proceeds from sale of property to pay down the loan balance.

Total Debt	\$ 15,263
Less Current Portion	<u>15,263</u>
Long Term Debt, Less Current Portion	<u>\$ -0-</u>

See accountants' review report.

Andrew M. Zuroff, C.P.A., P.C.

**COMMUNITY SERVICE CARE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 6--SURPLUS REVENUE RETENTION**

The unrestricted fund balance contains surplus revenues generated by contracts with the Commonwealth of Massachusetts. Under Reg. 808CM 1.19(3), such annual surplus may not exceed 5% of such revenues or, cumulatively, 20% of the prior year's Commonwealth of Massachusetts revenues.

As of June 30, 2010, the total surplus revenue amount attributable to Commonwealth of Massachusetts revenues is \$(25,437). The allowed surplus revenue retention amount for the current year is \$(25,437). A liability due to the Commonwealth of Massachusetts will be recorded for \$0.

Following are the surplus revenue retention amounts and percentages calculated by the Organization as of June 30, 2010:

Accumulated Surplus (Deficit) Revenue Retention	
Balance at 6/30/09	\$( 220,570)
Allowed Current Year Surplus (Deficit)	
Revenue Retention Amount	(25,437)(13.69%)
Less Amounts Used During the	
Year	<u>          -0-</u>
Accumulated Surplus (Deficit) Revenue Retention	
Balance at 6/30/10	<u>\$( 240,007)</u>

**NOTE 7--PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

Land	\$ 32,500
Buildings	365,738
Furniture and fixtures	13,576
Equipment	6,428
Building improvements	<u>160,896</u>
	579,138
Accumulated depreciation	<u>(270,722)</u>
	<u>\$ 308,416</u>

On December 8, 2009 the organization sold real property located at 57-59 Day Street for \$215,000. The net book value of the real property sold was \$139,318. In addition the organization incurred expenses of \$12,825 in process of the sale.

See accountants' review report.

Andrew M. Zuroff, C.P.A., P.C.

**COMMUNITY SERVICE CARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 8 -- CONCENTRATION OF CREDIT RISK**

The organization's principal purchasing agency is the Commonwealth of Massachusetts, Department of Social Services. Subsequently, the Department of Social Services title has been officially changed to Department of Children and Families. For the year ended June 30, 2010, revenue from this agency amounted to \$185,770 which accounted for 35% of total revenue respectively. Accounts receivable outstanding related to this revenue at June 30, 2010 were \$8,881 which amounted to 71% total receivables respectively. Subsequently, the funding from this source has been dramatically reduced.

**NOTE 9 -- OTHER LIABILITIES**

The other liabilities balance represents a liability to the Commonwealth of Massachusetts, due to the Organization's annual surplus revenue exceeding five percent (5%) of total Commonwealth of Massachusetts revenue.

<u>Year Ended</u>	<u>Total Surplus</u>	<u>Surplus Revenue Retention</u>	<u>Other Liabilities</u>
6/30/01	\$105,675	\$74,063	\$31,612
6/30/06	\$102,671	\$91,604	<u>11,067</u>
			<u>\$42,679</u>

**NOTE 10 -- MANAGEMENT'S PLAN TO CONTINUE OPERATIONS**

- 1) Maintain or expand all nonresidential programs.
- 2) Seek clients eligible for residential programs from other sources within the Commonwealth of Massachusetts Departments.
- 3) Begin fund raising within the community.

**NOTE 11 -- SUBSEQUENT EVENTS**

Community Service Care, Inc. evaluated its June 30, 2010 financial statements for subsequent events through November 10, 2010 the date the financial statements were available to be issued. The Organization was not aware of any subsequent events which would require recognition or disclosure in the financial statements.

See accountants' review report.

Andrew M. Zuroff, C.P.A., P.C.