

THE TUTORIAL CENTER

**Financial Statements
(With Independent Auditors' Report)**

June 30, 2009 and 2008

THE TUTORIAL CENTER

June 30, 2009 and 2008

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors
The Tutorial Center
Bennington, Vermont

We have audited the accompanying Statement of Financial Position of The Tutorial Center (the "Center") as of June 30, 2009 and the related Statement of Activities, Cash Flows, and Functional Expenses for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Center's 2008 financial statements and, in our report dated November 13, 2008; we expressed an unqualified opinion on those financial statements.

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 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 audit provides 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 The Tutorial Center as of June 30, 2009 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McSoley McCoy & Co.

November 10, 2009

VT Reg. No. 92-349

THE TUTORIAL CENTER
 Statements of Financial Position
 June 30, 2009 and 2008

Assets	2009	2008
Cash and cash equivalents	\$ 533,154	\$ 415,935
Accounts receivable, less allowance for doubtful accounts \$500 in 2009 and 2008	89,640	40,011
Prepaid expenses	5,618	5,618
Property and equipment, net	16,984	17,012
Security deposits	860	860
 Total assets	 \$ 646,256	 \$ 479,436
Liabilities and net assets		
Liabilities:		
Accounts payable	\$ 11,323	\$ 602
Deferred fees	-	676
Accrued compensation	19,303	15,482
Payroll taxes payable	3,276	3,242
 Total liabilities	 33,902	 20,002
Net assets:		
Unrestricted:		
Operating fund	186,286	143,192
Property and equipment	16,984	17,012
Designated for purchase of property and equipment	336,144	256,144
Designated for reserves	25,000	-
Temporarily restricted	47,940	43,086
 Total net assets	 612,354	 459,434
 Total liabilities and net assets	 \$ 646,256	 \$ 479,436

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

THE TUTORIAL CENTER
Statement of Activities
For the Year Ended June 30, 2009
(With Summarized Comparative Totals for the Year Ended June 30, 2008)

	2009			2008
	Unrestricted	Temporarily Restricted	Total	(Memorandum) Total
Revenues and other support:				
Program fees	\$ 335,398	\$ -	\$ 335,398	\$ 253,742
United Way	5,834	-	5,834	4,667
Contributions	9,237	-	9,237	6,375
Subsidies from municipalities	15,850	-	15,850	15,851
State and federal educational grants	-	380,776	380,776	299,641
Other, net	3,001	-	3,001	3,010
Interest	9,124	-	9,124	10,696
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>375,922</u>	<u>(375,922)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>754,366</u>	<u>4,854</u>	<u>759,220</u>	<u>593,982</u>
Expenses:				
Program services:				
Adult Education and Learning	241,759	-	241,759	293,546
Bridge to College	42,035	-	42,035	52,952
Ski School	1,966	-	1,966	3,680
ICCR	-	-	-	3,921
Mentoring	6,691	-	6,691	10,451
High School Completion	35,193	-	35,193	10,801
Summer Work and Learn	26,255	-	26,255	19,288
Tutorial instruction	<u>193,907</u>	<u>-</u>	<u>193,907</u>	<u>146,531</u>
Total program services	547,806	-	547,806	541,170
Supporting services:				
Management and general	<u>58,494</u>	<u>-</u>	<u>58,494</u>	<u>27,948</u>
Total expenses	<u>606,300</u>	<u>-</u>	<u>606,300</u>	<u>569,118</u>
Change in net assets	148,066	4,854	152,920	24,864
Net assets at beginning of year	<u>416,348</u>	<u>43,086</u>	<u>459,434</u>	<u>434,570</u>
Net assets at end of year	<u>\$ 564,414</u>	<u>\$ 47,940</u>	<u>\$ 612,354</u>	<u>\$ 459,434</u>

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

THE TUTORIAL CENTER
 Statements of Cash Flows
 For the Years Ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Change in net assets	\$ 152,920	\$ 24,864
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	7,028	7,367
(Increase) decrease in operating assets:		
Accounts receivable	(49,629)	28,226
Grants receivable	-	8,263
Prepaid expenses	-	(385)
Increase (decrease) in operating liabilities:		
Accounts payable	10,721	(3,022)
Accrued compensation	3,821	1,248
Deferred fees	(676)	-
Payroll taxes payable	34	5
Total adjustments	(28,701)	41,702
Net cash provided by operating activities	124,219	66,566
Cash flows from investing activities:		
Purchases of property and equipment	(7,000)	(3,399)
Net increase in cash and cash equivalents	117,219	63,167
Cash and cash equivalents at beginning of year	415,935	352,768
Cash and cash equivalents at end of year	\$ 533,154	\$ 415,935

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

THE TUTORIAL CENTER
Statement of Functional Expenses
For the Year Ended June 30, 2009
(With Summarized Comparative Totals for the Year Ended June 30, 2008)

	Adult Education and Learning	Bridge to College	Ski School	ICCR	Mentoring	High School Completion Program	Summer Work and Learn	General Tutorial Instruction	Total Program Services	Management and General	2009 Total Expenses	2008 Total Expenses
Salaries and wages	\$ 131,439	\$ 17,342	\$ 1,745	\$ -	\$ 6,012	\$ 28,340	\$ 14,366	\$ 167,350	\$ 366,594	\$ 8,016	\$ 374,610	\$ 346,357
Payroll taxes and other benefits	19,196	2,637	134	-	506	1,879	987	11,284	36,623	4,796	41,419	39,260
Health, dental and disability insurance	32,655	798	-	-	93	-	-	9,929	43,475	728	44,203	40,721
Advertising	3,370	204	-	-	-	-	-	-	3,574	5,252	8,826	6,011
Depreciation	2,202	614	87	-	63	1,450	418	-	4,834	2,194	7,028	7,367
Dues and fees	115	-	-	-	-	-	-	-	115	278	393	636
Insurance	1,800	-	-	-	-	425	-	-	2,225	1,800	4,025	3,187
Other	2,087	1,163	-	-	-	795	-	1,788	5,833	5,071	10,904	13,800
Postage and printing	791	-	-	-	-	125	-	-	916	1,194	2,110	2,221
Professional fees	3,812	13,269	-	-	-	55	5,745	2,459	25,340	2,228	27,568	29,069
Rent	16,290	-	-	-	-	-	-	-	16,290	9,930	26,220	26,221
Repairs and maintenance	854	-	-	-	-	-	-	-	854	1,055	1,909	1,673
Staff development	1,103	2,083	-	-	-	-	-	156	3,342	527	3,869	4,421
Supplies and books	12,161	2,021	-	-	17	893	649	298	16,039	4,573	20,612	23,119
Telephone	3,891	-	-	-	-	-	-	643	4,534	2,002	6,536	5,236
Travel	6,536	1,904	-	-	-	1,231	4,090	-	13,761	7,035	20,796	13,851
Utilities	3,457	-	-	-	-	-	-	-	3,457	1,815	5,272	5,968
	<u>\$ 241,759</u>	<u>\$ 42,035</u>	<u>\$ 1,966</u>	<u>\$ -</u>	<u>\$ 6,691</u>	<u>\$ 35,193</u>	<u>\$ 26,255</u>	<u>\$ 193,907</u>	<u>\$ 547,806</u>	<u>\$ 58,494</u>	<u>\$ 606,300</u>	<u>\$ 569,118</u>

THE TUTORIAL CENTER
Notes to Financial Statements
June 30, 2009 and 2008

(1) Nature of Activities and Summary of Significant Accounting Policies

(a) Nature of Activities

The Tutorial Center (the “Center”) was incorporated under the laws of the State of Vermont as a nonprofit organization for the purpose of offering individualized tutoring to adults and children. The Center operates in Bennington and Manchester, Vermont.

(b) Method of Accounting

The financial statements of the Center have been prepared using the accrual basis of accounting.

(c) Financial Statement Presentation

The Center reports its financial statements in accordance with the recommendations of the American Institute of Certified Public Accountants in its industry guide, *Audits of Voluntary Health and Welfare Organizations* and utilizes accounting principles and reporting practices for certain nonprofit organizations.

In accordance with Statement of Financial Accounting Standard (“SFAS”) No. 117, *Financial Statements of Not-for-Profit Organizations*, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Center is required to present a statement of cash flows.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center’s financial statements for the year ended June 30, 2008, from which the summarized information was derived.

(d) Contributions

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received by the Center are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

(e) Contributed Services

During the years ended June 30, 2009 and 2008, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

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Notes to Financial Statements
June 30, 2009 and 2008

Nature of Activities and Summary of Significant Accounting Policies (continued)

(f) Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are recorded at cost or, if donated, at estimated fair value. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to seven years.

(g) Income Tax Status

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Center has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

(h) Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

(i) Cash Equivalents

The Center considers highly liquid investments to be cash equivalents including CDs. The Center maintains cash balances at financial institutions which at times may exceed insured limits.

(j) Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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Notes to Financial Statements
June 30, 2009 and 2008

(2) Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2009</u>	<u>2008</u>
Furniture and fixtures	\$ 1,720	\$ 1,720
Office equipment	24,385	24,385
Computer equipment	97,048	97,048
Vehicles	<u>7,000</u>	<u>-</u>
	130,153	123,153
Less accumulated depreciation	<u>(113,169)</u>	<u>(106,141)</u>
Property and equipment, net	<u>\$ 16,984</u>	<u>\$ 17,012</u>

Depreciation expense amounted to \$7,028 and \$7,367 during the years ended June 30, 2009 and 2008, respectively.

(3) Temporarily Restricted Net Assets

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

	<u>2009</u>	<u>2008</u>
Transition to College	\$ 45,425	\$ 30,744
Mentoring	-	4,553
Verizon Foundation	-	5,274
Fathertime	<u>2,515</u>	<u>2,515</u>
	<u>\$ 47,940</u>	<u>\$ 43,086</u>

(4) Lease Commitments

The Center leases its facilities in Bennington and Manchester, Vermont under one-year term lease agreements, which have been classified as operating leases. The leases require aggregate monthly payments of \$2,185. Rent expense amounted to \$26,220 and \$26,221 for the years ended June 30, 2009 and 2008, respectively.

(5) Retirement Plan

The Center has a 403(b) retirement plan, which covers all employees who work more than twenty hours per week. The Center contributes a percentage of eligible employees' salaries to the plan. The contributions for the year ended June 30, 2009 and 2008 amounted to \$9,268 and \$9,012, respectively.

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Notes to Financial Statements
June 30, 2009 and 2008

(6) Economic Dependency

The Center receives a significant amount of its revenues from the State of Vermont Adult Education and Literacy General Funds. Revenues from this source amounted to \$216,387 or 29% of total revenues and support for the year ended June 30, 2009 and \$264,599 or 41% of total revenues and support for the year ended June 30, 2008. If these grants were to be discontinued, it may jeopardize the Center's ability to continue. A joint proposal submitted by Vermont Adult Learning and the Center was selected to receive the fiscal years 2005-2009 grant, with the Center designated as the service provider for Bennington County, Vermont. This grant has now been extended through 2010 and will continue to be extended annually until the Vermont Dept. of Education may decide to issue a new request for proposals.

(7) Related Party Transactions

During 2009, a member of the Center's board of directors was employed by or affiliated with firms that provided the Center with investment services. All transactions were within the ordinary course of the Center's operations and were considered by Center management to have been conducted on an arms-length basis.

During the year ended June 30, 2009, fees for tutoring services were paid to the spouse of the Center's executive director. All transactions are within the ordinary course of the Center's operations and are considered by Center management to have been conducted on an arms-length basis.