

**WOODWARD AVENUE ACTION
ASSOCIATION, INC.
Royal Oak, Michigan**

FINANCIAL STATEMENTS

**For the Years Ended
June 30, 2009 and 2008**

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INDEPENDENT AUDITORS' REPORT

December 10, 2009

Board of Directors
Woodward Avenue Action Association, Inc.
Royal Oak, Michigan

We have audited the accompanying statements of financial position of **Woodward Avenue Action Association, Inc.** (the "Organization") as of June 30, 2009 and 2008, and the related statements of activities 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 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 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 **Woodward Avenue Action Association, Inc.** as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



WOODWARD AVENUE ACTION ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30	
	2009	2008
Cash and cash equivalents	\$ 175,432	\$ 165,947
Accounts receivable, net of allowance for doubtful accounts of \$4,585 (\$2,630 in 2008)	6,625	7,076
Grant receivable	11,577	30,000
Inventory	7,523	8,788
Equipment, less accumulated depreciation of \$5,465 (\$5,178 in 2008)	717	1,414
Total assets	<u>\$ 201,874</u>	<u>\$ 213,225</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 23,624	\$ 7,535
Net assets		
Unrestricted	178,250	175,690
Temporarily restricted	-	30,000
Total net assets	<u>178,250</u>	<u>205,690</u>
Total liabilities and net assets	<u>\$ 201,874</u>	<u>\$ 213,225</u>

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

WOODWARD AVENUE ACTION ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES

	Year Ended June 30					
	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted Total	Temporarily Restricted	Total
Support and revenue						
Membership dues	\$ 88,250	\$ -	\$ 88,250	\$ 86,825	\$ -	\$ 86,825
Special event, net of expenses \$17,416	7,845	-	7,845	-	-	-
Corporate contributions	12,514	-	12,514	19,725	-	19,725
Federal and state grants	247,759	-	247,759	191,125	30,000	221,125
Foundation grant	8,500	-	8,500	20,000	-	20,000
Donated facilities, equipment, and services	29,259	-	29,259	71,821	-	71,821
Interest income	1,806	-	1,806	3,044	-	3,044
Merchandise sales	855	-	855	3,594	-	3,594
Net assets released from restrictions	30,000	(30,000)	-	-	-	-
Total support and revenue	426,788	(30,000)	396,788	396,134	30,000	426,134
Expenses						
Program services	333,847	-	333,847	323,955	-	323,955
Management and general	59,036	-	59,036	50,150	-	50,150
Fundraising	31,345	-	31,345	20,490	-	20,490
Total expenses	424,228	-	424,228	394,595	-	394,595
Change in net assets	2,560	(30,000)	(27,440)	1,539	30,000	31,539
Net assets - beginning of year	175,690	30,000	205,690	174,151	-	174,151
Net assets - end of year	\$ 178,250	\$ -	\$ 178,250	\$ 175,690	\$ 30,000	\$ 205,690

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

WOODWARD AVENUE ACTION ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2009	2008
Cash flows from operating activities		
Cash received from membership dues	\$ 75,169	\$ 87,650
Cash received from special events	25,261	-
Cash received from programs	298,772	230,850
Cash received from sales of merchandise	855	3,594
Cash paid to suppliers and employees	(392,378)	(323,098)
Interest received	1,806	3,044
	<u>9,485</u>	<u>2,040</u>
Net cash provided by operating activities (equal to net increase in cash and cash equivalents)		
	<u>9,485</u>	<u>2,040</u>
Cash and cash equivalents - beginning of year	165,947	163,907
	<u>165,947</u>	<u>163,907</u>
Cash and cash equivalents - end of year	<u><u>\$ 175,432</u></u>	<u><u>\$ 165,947</u></u>
<u>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</u>		
Change in net assets	\$ (27,440)	\$ 31,539
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	697	929
Bad debts	1,955	570
Changes in operating assets and liabilities which (used) provided cash		
Grant and Accounts receivables	16,919	(29,745)
Inventory	1,265	(8,788)
Accounts payable	16,089	7,535
	<u>16,919</u>	<u>(29,745)</u>
	<u>1,265</u>	<u>(8,788)</u>
	<u>16,089</u>	<u>7,535</u>
Net cash provided by operating activities	<u><u>\$ 9,485</u></u>	<u><u>\$ 2,040</u></u>

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

WOODWARD AVENUE ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Woodward Avenue Action Association, Inc., (the "Organization"), is a Michigan nonprofit organization dedicated to the promotion of economic, aesthetic, and functional enhancement of the Woodward corridor. Revenues are derived principally from the Organization's membership dues and Federal and state grants.

In preparing these financial statements, we have evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2009, the most recent statement of financial position presented herein, through December 10, 2009, the issuance date of these financial statements. No significant such events or transactions were identified.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Organization maintains cash balances at financial institutions which may, at times throughout the year, exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes the Organization is not exposed to any unusual credit risk on cash and cash equivalents.

Receivables

Receivables, comprised of accounts and grants receivable, are stated at the amount management expects to collect from outstanding balances. The Organization provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on management's assessment of the current status of individual accounts. Balances that are still outstanding after management has attempted reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts and grants receivable. Bad debts, principally membership dues, have historically been immaterial and have not exceeded management's expectations.

WOODWARD AVENUE ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Inventory

Inventory of purchased merchandise held for resale is stated at the lower of cost, determined by the first in first out (“FIFO”) method or market.

Equipment and Depreciation

Purchased equipment is stated at cost. Major improvements and renewals are capitalized while ordinary maintenance and repairs which do not improve and extend the life of the respective assets are expensed. Depreciation is computed using accelerated methods over the estimated useful lives of the related assets, which range from three to seven years. Management annually reviews these assets to determine whether carrying values have been impaired.

Concentration Risks

The Organization receives the majority of its funding based on cost reimbursement grants with various governmental units and agencies. For the years ended June 30, 2009 and 2008, approximately 62% and 52%, respectively, of the total support and revenue was received from various Federal, State and Local grants.

Revenue Recognition

Non-municipal membership dues are billed on the anniversary date of the member and are recognized as revenue as they are billed.

Municipal membership dues are billed on July 1st of each year and recognized as revenue over the period from July 1st - June 30th. Municipalities are given the entire fiscal year to pay their dues and remain active members.

Grant revenue, which is generally based on cost reimbursement, is recognized as related expenses are incurred.

In-Kind Contributions

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

WOODWARD AVENUE ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Net Assets

Under the provisions of Statement of Financial Accounting Standards No. 117, the Organization's net assets are classified as follows:

Unrestricted Net Assets - The amount of net assets which are available for general operations and are not subject to any donor-imposed restrictions. Revenues earned from program services provided, unrestricted contributions, investment income available for general operations, and all operating expenses are reported in this category.

Temporarily Restricted Net Assets - The amount of net assets which are limited to uses specified by donor-imposed time or purpose restrictions. When donor restrictions expire or the nature and purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. As of June 30, 2009, and 2008, the Organization had \$-0- and \$30,000 of temporarily restricted net assets, respectively. The temporarily restricted net assets were for the cost of fabricating and installing a Tribute to be located in the City of Ferndale which was completed in the 2009 fiscal year.

Permanently Restricted Net Assets - The amount of net assets which result from donor gifts and bequests that create permanent endowment funds. According to the donor's instructions, income, gains, or losses from the permanently restricted net assets should also be classified as such or reclassified to the unrestricted or temporarily restricted categories. As of June 30, 2009 and 2008, the Organization had no permanently restricted net assets.

Functional Allocation of Expenses

The costs of providing the Organization's program have been summarized on a functional basis in the statement of functional expenses that is included as unaudited additional information. Accordingly, certain costs have been allocated to program services, management and general and fundraising based on relevant measures as determined by management.

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under 501(c) (3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the

WOODWARD AVENUE ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Organization was granted an income tax exemption by the Internal Revenue Code, such exemption does not apply to “unrelated business taxable income.” Such income, pursuant to the Internal Revenue Code and related regulations, includes investment income such as interest received from sources other than directly from contributors. The Organization is not a private foundation.

In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48), an interpretation of Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes*. FIN 48 seeks to reduce the significant diversity in practice associated with financial statement recognition and measurement in accounting for income taxes and prescribes the minimum recognition threshold and measurement attribute for disclosure of tax positions previously taken or expected to be taken on an income tax return, in order for those tax positions to be recognized in the Organization’s financial statements. This Interpretation, as amended, provides for the election of a deferral of its effective date to financial statements issued for fiscal years beginning after December 15, 2008. The Organization has elected to defer the adoption of FIN No. 48 and thus plans to apply this pronouncement in fiscal 2010.

While the effects of the eventual adoption by the Organization are under consideration, management does not expect that the implementation of FIN 48 will have a significant impact on the Organization’s financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the fiscal 2008 financial statements have been reclassified for comparative purposes to conform with the presentation in the fiscal 2009 financial statements.

WOODWARD AVENUE ACTION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

2. DONATED FACILITIES, EQUIPMENT, AND SERVICES

The Organization occupies a building free of rent. The fair market value of the donated rent was \$8,004 for each of the years ended 2009 and 2008 and is included in the accompanying statements of activities as both support and revenue and program expenses. The lease expires on October 31, 2010 with an option for renewal.

For the years ended June 30, 2009 and 2008, the Organization recognized \$21,255 and \$63,817, respectively, in donated services and gifts in kind for printing and public relations, food and beverage and various other items. Such amounts are also included within both support and revenue and program expenses in the accompanying statements of activities.

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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

December 10, 2009

Board of Directors
Woodward Avenue Action Association, Inc.
Royal Oak, Michigan

Our report on our audits of the basic financial statements of *Woodward Avenue Action Association, Inc.* for the years ended June 30, 2009 and 2008 appears on page one. These audits were conducted for the purpose of forming an opinion on the 2009 basic financial statements taken as a whole. The 2009 statement of functional expenses is presented for purposes of supplementary analysis and is not a required part of the 2009 basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the 2009 basic financial statements, and, accordingly, we express no opinion on it.



SUPPLEMENTARY INFORMATION

WOODWARD AVENUE ACTION ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2009

(with comparative totals for the year ended June 30, 2008)

	2009			2008	
	Program Services	Management and General	Fundraising	Total Functional Expenses	Total Functional Expenses
Payroll - executive director	\$ 13,250	\$ 33,125	\$ 19,875	\$ 66,250	\$ 61,253
Payroll - other	58,792	-	-	58,792	26,632
Payroll taxes	1,912	4,783	2,870	9,565	6,724
Payroll service fees	330	826	495	1,651	1,536
Printing	197	118	79	394	1,308
Postage	1,030	618	412	2,060	2,154
Equipment rental and maintenance	2,237	1,343	895	4,475	2,748
Professional fees	-	9,939	-	9,939	8,330
Merchandise	-	-	1,265	1,265	(4,983)
Office supplies and expense	2,114	1,267	865	4,246	1,307
Depreciation	418	209	70	697	929
Telephone	2,946	1,473	491	4,910	4,056
Rent	4,002	2,401	1,601	8,004	8,004
Contracts - program related	68,999	-	-	68,999	54,455
Program expense	166,876	-	-	166,876	212,747
Bad debts	1,955	-	-	1,955	570
Fundraising fees	-	-	-	-	50
General insurance	1,086	652	435	2,173	1,349
Health insurance	2,729	1,637	1,092	5,458	1,399
Travel	2,210	-	737	2,947	1,348
Conferences and meetings	2,356	-	-	2,356	2,374
Organization dues	-	400	-	400	-
Staff development	408	245	163	816	305
Total functional expenses	<u>\$ 333,847</u>	<u>\$ 59,036</u>	<u>\$ 31,345</u>	<u>\$ 424,228</u>	<u>\$ 394,595</u>