

CENTER FOR TRANSFORMATIVE ACTION

Financial Statements

June 30, 2012

(With Independent Auditors' Report Thereon)

CENTER FOR TRANSFORMATIVE ACTION

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9
Schedule of Revenue, Expenses and Changes in Net Assets by Program	10 - 13

* * * * *

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Center for Transformative Action:

We have audited the accompanying statement of financial position of Center for Transformative Action (CTA) as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of CTA'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 CTA's 2011 financial statements and, in our report dated October 14, 2011, 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 Center For Transformative Action as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information 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.

Toski & Co., CPAs, P.C.

Williamsville, New York
January 22, 2013

CENTER FOR TRANSFORMATIVE ACTION
Statement of Financial Position
June 30, 2012
with comparative totals for 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and equivalents	\$ 128,313	187,008
Short-term investments - certificates of deposits	250,444	300,461
Receivables	110,317	94,168
Prepaid expenses	6,013	7,731
Deposits	2,000	2,000
Other assets	3,047	3,324
Total current assets	500,134	594,692
Furniture and equipment, at cost	37,778	39,323
Less accumulated depreciation	(37,778)	(37,983)
Net furniture and equipment	-	1,340
Total assets	\$ 500,134	596,032
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	9,836	12,026
Accrued expenses	53,774	50,374
Deferred revenue	77,606	37,260
Total current liabilities	141,216	99,660
Net assets:		
Unrestricted:		
Undesignated	284,572	419,018
Board designated	70,300	70,300
Total unrestricted net assets	354,872	489,318
Temporarily restricted	4,046	7,054
Total net assets	358,918	496,372
Commitment (note 7)		
Total liabilities and net assets	\$ 500,134	596,032

See accompanying notes to financial statements.

CENTER FOR TRANSFORMATIVE ACTION
Statement of Activities
Year ended June 30, 2012
with comparative totals for 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2012</u>	<u>2011</u>
Revenue:					
Institutional support	\$ 352,958	-	352,958	364,397	
Cornell support	210,437	-	210,437	210,437	
Fundraising events and sales	103,494	-	103,494	119,835	
Contributions	153,639	-	153,639	294,270	
Fees, subscriptions and memberships	57,448	-	57,448	128,014	
Investment income	1,025	-	1,025	3,152	
Miscellaneous income	6,080	-	6,080	26,067	
Net assets released from restrictions	3,008	(3,008)	-	-	
Total revenue	<u>888,089</u>	<u>(3,008)</u>	<u>885,081</u>	<u>1,146,172</u>	
Expenses:					
Program services	848,464	-	848,464	938,706	
Management and general	129,944	-	129,944	129,587	
Fundraising	3,816	-	3,816	9,035	
Total expenses	<u>982,224</u>	<u>-</u>	<u>982,224</u>	<u>1,077,328</u>	
Increase (decrease) in net assets before transfers	(94,135)	(3,008)	(97,143)	68,844	
Transfers of net assets	(40,311)	-	(40,311)	(163,358)	
Net assets at beginning of year	<u>489,318</u>	<u>7,054</u>	<u>496,372</u>	<u>590,886</u>	
Net assets at end of year	<u>\$ 354,872</u>	<u>4,046</u>	<u>358,918</u>	<u>496,372</u>	

See accompanying notes to financial statements.

CENTER FOR TRANSFORMATIVE ACTION

Statement of Functional Expenses

Year ended June 30, 2012

with comparative totals for 2011

	Supporting services				Total	
	Program services	Management and general	Fundraising	supporting services	2012	2011
Salaries	\$ 392,895	69,144	554	69,698	462,593	513,189
Employee benefits	46,314	13,559	152	13,711	60,025	71,797
Payroll taxes	33,296	5,824	46	5,870	39,166	44,833
Total salaries and related expenses	472,505	88,527	752	89,279	561,784	629,819
Rent	9,305	8,208	-	8,208	17,513	16,634
Contract employees and work study	184,804	8,310	-	8,310	193,114	132,088
Advertising, publicity and production	3,826	291	-	291	4,117	3,851
Travel and conferences	21,473	-	-	-	21,473	50,388
Telephone	7,668	2,429	-	2,429	10,097	8,838
Printing	10,810	2,286	439	2,725	13,535	25,541
Books, videos and subscriptions	12,409	-	-	-	12,409	24,809
Supplies	8,983	1,187	480	1,667	10,650	10,444
Minor equipment	7,419	1,195	-	1,195	8,614	5,134
Postage	6,252	569	566	1,135	7,387	13,718
Insurance	-	10,759	-	10,759	10,759	10,627
Program expense	11,230	-	-	-	11,230	54,601
Maintenance and repairs	743	-	-	-	743	494
Bank charges	2,210	633	1,077	1,710	3,920	2,821
Donations	81,814	-	-	-	81,814	68,763
Professional fees	150	5,350	-	5,350	5,500	5,218
Depreciation	1,233	-	-	-	1,233	2,110
Fundraising	-	-	314	314	314	3,416
Miscellaneous	5,630	200	188	388	6,018	8,014
Total expenses	\$ 848,464	129,944	3,816	133,760	982,224	1,077,328

See accompanying notes to financial statements.

CENTER FOR TRANSFORMATIVE ACTION

Statement of Cash Flows

Year ended June 30, 2012

with comparative totals for 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (97,143)	68,844
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	1,233	2,110
Transfers of net assets	(40,311)	(163,358)
Loss on disposal of furniture and equipment	107	-
Changes in:		
Receivables	(16,149)	38,227
Prepaid expenses	1,718	8,890
Inventory	-	21,975
Other assets	277	125
Accounts payable	(2,190)	(1,414)
Accrued expenses	3,400	8,800
Deferred revenue	<u>40,346</u>	<u>(4,298)</u>
Net cash used in operating activities	(108,712)	(20,099)
Cash flows from investing activities - decrease in short-term investment	<u>50,017</u>	<u>49,544</u>
Net increase (decrease) in cash	(58,695)	29,445
Cash at beginning of year	<u>187,008</u>	<u>157,563</u>
Cash at end of year	<u><u>\$ 128,313</u></u>	<u><u>187,008</u></u>

See accompanying notes to financial statements.

CENTER FOR TRANSFORMATIVE ACTION

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

The Center for Transformative Action (CTA), formerly the Center for Religion, Ethics, and Social Policy, Inc., is a nonprofit organization formed to promote educational and social action programs. CTA provides technical and administrative support services to these programs which operate under the established goals and guidelines of the CTA bylaws.

(b) Basis of Accounting

The financial statements of CTA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

CTA reports 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. CTA has no permanently restricted net assets. Accordingly, net assets of CTA and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by CTA's Board of Directors.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of CTA and/or the passage of time.

(d) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) Cash

For purposes of the statement of cash flows, CTA considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(f) Concentration of Credit Risk

Financial instruments that potentially subject CTA to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

CENTER FOR TRANSFORMATIVE ACTION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Capitalization and Depreciation

Furniture and equipment are recorded at cost or fair market value at the date of the gift in the case of donated equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of equipment are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

(h) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statement of financial position as deferred revenue.

(i) Donated Services

During the years ended June 30, 2012 and 2011, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist CTA.

(j) Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to CTA. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(k) Expense Allocation

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

(l) Subsequent Events

CTA has evaluated events after June 30, 2012, and through January 22, 2013, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

CENTER FOR TRANSFORMATIVE ACTION
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Income Taxes

CTA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, therefore, no provision for income taxes is reflected in the financial statements.

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. CTA has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. CTA believes that income tax positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on its financial condition, results of operations or cash flows. Accordingly, CTA has not recorded any reserves, or related accruals for interest and penalties, for uncertain income tax positions at June 30, 2012 and 2011.

CTA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. CTA believes it is no longer subject to income tax examinations for years prior to 2008.

CTA's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

(n) Reclassifications

Reclassifications have been made to certain 2011 balances in order to conform them to the 2012 presentation.

(2) Deferred Revenue

Deferred revenue at June 30, 2012 and 2011 amounted to \$77,606 and \$37,260, respectively. These amounts represent cash provided to CTA in advance of the period to be benefited in order to provide working capital for the operation of various programs.

(3) Affiliation with Cornell University

CTA is an affiliate of Cornell University (Cornell) through a written affiliation agreement. Based on the terms of this agreement, CTA is to provide services and programs to Cornell's faculty, staff, students, and others to create "wider opportunities for education and service in the fields of religion and ethics, and their relationship to social policy." Such services and programs are governed by the terms of a separate operating agreement between the organizations.

CENTER FOR TRANSFORMATIVE ACTION
Notes to Financial Statements, Continued

(4) Transfers of Net Assets

During the year ended June 30, 2011, CTA transferred \$125,382 in net assets of the Family Development Credential Program to the University of Connecticut Department of Pediatrics and the Center for the Study of Culture and Human Development. Additionally, during the year ended June 30, 2011, CTA transferred \$37,976 in net assets of the Positive News Program to the Ecological Options Network. Total amounts transferred in 2011 consisted of \$118,109 in cash, \$34,230 in inventory and \$11,019 in receivables.

During the year ended June 30, 2012, CTA transferred \$26,729 in net assets of the Center for Transformative Action to Tompkins County Worker Center for program transfer. Additionally, during the year ended June 30, 2012, CTA transferred \$13,582 in net assets of Center for Transformative Action to Shared Journeys Inc. Total amounts transferred in 2012 consisted of \$38,530 in cash, \$106 in inventory and \$1,675 in receivables.

(5) Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2012 and 2011, consist of the following:

	<u>2012</u>	<u>2011</u>
Alternative Library - McCormick	\$ <u>4,046</u>	<u>7,054</u>

(6) Net Assets Released from Restrictions

Net assets released by meeting restriction requirements for the Alternative Library-McCormick amounted to \$3,088 for the year ended June 30, 2012.

(7) Commitment

CTA leases office space under various month-to-month leases. Rent expense for the years ended June 30, 2012 and 2011 amounted to \$17,513 and \$16,634, respectively.

(8) Advertising Costs

Advertising costs are expensed as incurred. Advertising expense amounted to \$4,117 and \$3,851 for the years ended June 30, 2012 and 2011, respectively.

CENTER FOR TRANSFORMATIVE ACTION
Schedule of Revenue, Expenses and
Changes in Net Assets by Program
Year ended June 30, 2012

	<u>Total</u>	<u>CTA Admin.</u>	<u>Alternatives Library</u>	<u>Prisoner Express</u>	<u>MacCormick Programs</u>
Revenue:					
Institutional support	\$ 352,958	25,895	-	-	197
Cornell support	210,437	91,683	118,754	-	-
Fundraising events and sales	103,494	9,206	985	3,071	-
Contributions	153,639	60,015	40	714	-
Fees, subscriptions and memberships	57,448	15,716	439	-	-
Investment income	1,025	383	16	5	62
Miscellaneous income	6,080	1,587	146	425	-
Total revenue	<u>885,081</u>	<u>204,485</u>	<u>120,380</u>	<u>4,215</u>	<u>259</u>
Expenses:					
Salaries	462,593	148,294	75,835	-	-
Employee benefits	60,025	22,876	4,091	-	-
Payroll taxes	39,166	12,163	6,677	-	-
Rent	17,513	8,208	-	-	-
Contract employees and work study	193,114	19,740	6,232	91	12,450
Advertising, publicity and production	4,117	2,469	30	-	-
Travel and conferences	21,473	1,793	10	-	-
Telephone	10,097	2,570	808	42	-
Printing	13,535	3,306	488	2,106	-
Books, videos and subscriptions	12,409	24	7,549	10	1,977
Supplies	10,650	1,512	926	289	-
Minor equipment	8,614	1,383	1,335	-	1,340
Postage	7,387	623	80	2,819	-
Insurance	10,759	10,759	-	-	-
Program expense	11,230	2,405	392	352	754
Maintenance and repairs	743	-	49	-	-
Bank charges	3,920	1,664	22	9	-
Donations	81,814	76,809	40	-	100
Professional fees	5,500	5,350	-	-	-
Depreciation	1,233	353	-	-	731
Fundraising	314	-	-	-	-
Miscellaneous	6,018	1,241	23	-	-
Total expenses	<u>982,224</u>	<u>323,542</u>	<u>104,587</u>	<u>5,718</u>	<u>17,352</u>
Increase (decrease) in net assets before transfers	(97,143)	(119,057)	15,793	(1,503)	(17,093)
Transfers and allocations	-	43,249	(8,030)	(48)	(914)
Transfers of net assets	(40,311)	-	-	-	(13,582)
Net assets (deficiency) at beginning of year	<u>496,372</u>	<u>205,848</u>	<u>30,388</u>	<u>(2,161)</u>	<u>18,349</u>
Net assets (deficiency) at end of year	<u>\$ 358,918</u>	<u>130,040</u>	<u>38,151</u>	<u>(3,712)</u>	<u>(13,240)</u>

(Continued)

CENTER FOR TRANSFORMATIVE ACTION
Schedule of Revenue, Expenses and
Changes in Net Assets by Program, Continued

	Eco Village	CULSAR	Engineers for a Sustainable World	Tompkins County Workers Center
Revenue:				
Institutional support	\$ 178,188	-	-	25,578
Cornell support	-	-	-	-
Fundraising events and sales	18,756	30,604	-	2,998
Contributions	14,607	6,346	(3,809)	20,010
Fees, subscriptions and memberships	5,190	-	5,529	23,281
Investment income	72	94	-	10
Miscellaneous income	62	2,087	474	82
Total revenue	216,875	39,131	2,194	71,959
Expenses:				
Salaries	135,742	10,321	-	39,149
Employee benefits	9,483	110	105	8,279
Payroll taxes	11,941	1,090	-	3,273
Rent	3,085	-	-	3,640
Contract employees and work study	29,146	12,643	2,098	430
Advertising, publicity and production	373	-	-	282
Travel and conferences	4,025	1,953	3	3,525
Telephone	668	471	541	2,968
Printing	2,378	1,065	-	2,217
Books, videos and subscriptions	398	-	-	1,450
Supplies	1,977	517	-	1,795
Minor equipment	56	65	-	625
Postage	727	381	39	1,093
Insurance	-	-	-	-
Program expense	1,567	2,318	-	596
Maintenance and repairs	336	-	-	-
Bank charges	229	231	481	967
Donations	600	-	-	10
Professional fees	-	-	-	-
Depreciation	-	-	-	149
Fundraising	-	-	-	-
Miscellaneous	52	-	4,295	214
Total expenses	202,783	31,165	7,562	70,662
Increase (decrease) in net assets	14,092	7,966	(5,368)	1,297
Transfers and allocations	(16,664)	(2,463)	(156)	(3,825)
Transfers of net assets	-	-	-	(26,729)
Net assets (deficiency) at beginning of year	33,617	34,876	(392)	32,183
Net assets (deficiency) at end of year	\$ 31,045	40,379	(5,916)	2,926

(Continued)

CENTER FOR TRANSFORMATIVE ACTION
Schedule of Revenue, Expenses and
Changes in Net Assets by Program, Continued

	<u>Take Back Your Time</u>	<u>Vitamin L</u>	<u>Dorothy Cotton Institute</u>	<u>Ithaca City of Asylum</u>
Revenue:				
Institutional support	\$ -	33,850	84,403	2,800
Cornell support	-	-	-	-
Fundraising events and sales	-	24,540	1,429	30
Contributions	795	35,590	9,565	1,655
Fees, subscriptions and memberships	-	-	4,693	-
Investment income	-	264	45	48
Miscellaneous income	-	117	-	1,100
Total revenue	<u>795</u>	<u>94,361</u>	<u>100,135</u>	<u>5,633</u>
Expenses:				
Salaries	-	53,252	-	-
Employee benefits	-	15,077	-	-
Payroll taxes	-	4,022	-	-
Rent	-	-	-	-
Contract employees and work study	-	31,216	66,306	1,650
Advertising, publicity and production	-	616	40	-
Travel and conferences	-	1,323	4,807	873
Telephone	210	1,156	60	-
Printing	-	606	489	1
Books, videos and subscriptions	-	18	133	-
Supplies	-	857	2,354	-
Minor equipment	-	-	-	-
Postage	-	877	382	335
Insurance	-	-	-	-
Program expense	-	156	2,231	241
Maintenance and repairs	-	358	-	-
Bank charges	-	19	132	11
Donations	1,255	-	-	3,000
Professional fees	-	150	-	-
Depreciation	-	-	-	-
Fundraising	314	-	-	-
Miscellaneous	-	-	168	-
Total expenses	<u>1,779</u>	<u>109,703</u>	<u>77,102</u>	<u>6,111</u>
Increase (decrease) in net assets	(984)	(15,342)	23,033	(478)
Transfers and allocations	(98)	(5,885)	(3,282)	(400)
Transfers of net assets	-	-	-	-
Net assets at beginning of year	<u>1,004</u>	<u>108,833</u>	<u>4,483</u>	<u>17,119</u>
Net assets (deficiency) at end of year	<u>\$ (78)</u>	<u>87,606</u>	<u>24,234</u>	<u>16,241</u>

(Continued)

CENTER FOR TRANSFORMATIVE ACTION
Schedule of Revenue, Expenses and
Changes in Net Assets by Program, Continued

	<u>Life Writing</u>	<u>Veteran's Sanctuary</u>	<u>An Open Window</u>	<u>Relationship Foundation</u>
Revenue:				
Institutional support	\$ -	1,947	100	-
Cornell support	-	-	-	-
Fundraising events and sales	3,768	1,586	-	6,521
Contributions	125	3,100	1,725	3,161
Fees, subscriptions and memberships	1,200	-	-	1,400
Investment income	6	8	10	2
Miscellaneous income	-	-	-	-
Total revenue	<u>5,099</u>	<u>6,641</u>	<u>1,835</u>	<u>11,084</u>
Expenses:				
Salaries	-	-	-	-
Employee benefits	4	-	-	-
Payroll taxes	-	-	-	-
Rent	1,050	1,530	-	-
Contract employees and work study	3,444	-	-	7,668
Advertising, publicity and production	150	-	157	-
Travel and conferences	90	-	2,127	944
Telephone	603	-	-	-
Printing	318	397	15	149
Books, videos and subscriptions	73	777	-	-
Supplies	65	334	24	-
Minor equipment	518	2,551	741	-
Postage	31	-	-	-
Insurance	-	-	-	-
Program expense	167	-	51	-
Maintenance and repairs	-	-	-	-
Bank charges	60	7	20	68
Donations	-	-	-	-
Professional fees	-	-	-	-
Depreciation	-	-	-	-
Fundraising	-	-	-	-
Miscellaneous	-	25	-	-
Total expenses	<u>6,573</u>	<u>5,621</u>	<u>3,135</u>	<u>8,829</u>
Increase (decrease) in net assets	(1,474)	1,020	(1,300)	2,255
Transfers and allocations	(400)	(450)	250	(884)
Transfers of net assets	-	-	-	-
Net assets at beginning of year	<u>3,573</u>	<u>3,630</u>	<u>5,022</u>	<u>-</u>
Net assets at end of year	<u>\$ 1,699</u>	<u>4,200</u>	<u>3,972</u>	<u>1,371</u>