

**CLIFFORD W. BEERS GUIDANCE CLINIC, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2009 AND 2008**

---

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 25

---

**Beers, Hamerman & Company, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Clifford W. Beers Guidance Clinic, Inc.  
New Haven, Connecticut

We have audited the accompanying statements of financial position of Clifford W. Beers Guidance Clinic, Inc. as of June 30, 2009 and 2008 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Clinic's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Clifford W. Beers Guidance Clinic, 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.

As described in Note 1 to the financial statements, the Clinic adopted the provisions of Financial Accounting Standards Board Staff Position No. 117-1, *Endowments of Not-for-Profit Organizations: Net Assets Classification of Funds Subject to an enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* in the year ended June 30, 2009.

In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2009 on our consideration of the Clinic's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

*Beers, Hamerman & Company, P.C.*

New Haven, Connecticut  
November 13, 2009



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

STATEMENTS OF FINANCIAL POSITION

<u>Assets</u>	June 30,	
	<u>2009</u>	<u>2008</u>
Assets:		
Cash and cash equivalents	\$ 23,752	\$ 28,613
Accounts receivable, net of allowances	119,631	131,302
United Way	50,000	54,225
Grants receivable	152,887	90,691
Unconditional promises to give	104,996	197,019
Long term investments	1,063,466	1,125,132
Beneficial interest in assets held by others	22,074	27,744
Building and equipment, net	941,233	933,142
Other assets	47,838	26,715
	<u>\$ 2,525,877</u>	<u>\$ 2,614,583</u>
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 568,203	\$ 310,061
Deferred revenue and refundable advances	19,174	50,848
Due to State of Connecticut	101,033	-
Accrued vacation pay	225,799	188,843
Accrued pension liability	1,472,147	771,229
Long term debt	-	3,037
Total liabilities	<u>2,386,356</u>	<u>1,324,018</u>
Net assets:		
Unrestricted:		
Deficit	(1,262,918)	(162,311)
Board designated for long term purposes	42,117	48,759
Total	<u>(1,220,801)</u>	<u>(113,552)</u>
Temporarily restricted	99,520	169,117
Permanently restricted	1,260,802	1,235,000
Total net assets	<u>139,521</u>	<u>1,290,565</u>
	<u>\$ 2,525,877</u>	<u>\$ 2,614,583</u>

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



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

STATEMENT OF ACTIVITIES

	Year Ended June 30,	
	2009	2008
<u>Unrestricted Net Assets:</u>		
Revenue and other support:		
Client service fees	\$ 1,388,884	\$ 1,120,160
Governmental assistance and grants:		
Operations	4,156,743	3,539,460
Capital improvements	49,195	77,265
Contributions	96,018	80,697
	<u>5,690,840</u>	<u>4,817,582</u>
Special events	192,854	228,379
Less - costs of direct benefit to donors	<u>(67,350)</u>	<u>(103,651)</u>
	<u>125,504</u>	<u>124,728</u>
Donated facility and services	184,348	194,588
United Way	22,951	33,286
Loss from long-term assets and other investment income, net	(129,626)	(43,871)
Conference income	100,915	-
Other income	585	(873)
	<u>5,995,517</u>	<u>5,125,440</u>
Net assets released from restrictions:		
Restrictions satisfied by payments	27,702	132,283
Expiration of time restrictions	50,000	65,000
	<u>77,702</u>	<u>197,283</u>
Total unrestricted revenue, gains and other support	<u>6,073,219</u>	<u>5,322,723</u>
Expenses:		
Program services	5,267,130	4,598,501
Management and general	992,356	803,858
Fundraising	244,962	218,274
	<u>6,504,448</u>	<u>5,620,633</u>
Medicaid reimbursements	134,670	-
Pension-related changes other than net periodic pension cost	541,350	319,862
	<u>7,180,468</u>	<u>5,940,495</u>
Change in unrestricted net assets before cumulative effect of a change in accounting principle	(1,107,249)	(617,772)
Cumulative effect of a change in accounting principle	-	(79,130)
Change in unrestricted net assets	<u>(1,107,249)</u>	<u>(696,902)</u>

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

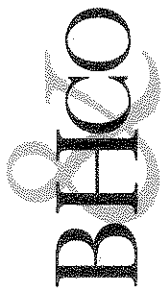


CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

STATEMENT OF ACTIVITIES – (CONTINUED)

	Year Ended June 30,	
	<u>2009</u>	<u>2008</u>
<u>Temporarily restricted net assets:</u>		
Contributions	\$ 1,332	\$ 80,136
United Way allocation	50,000	50,000
Less - net assets released from restrictions:		
Satisfied by payments	(27,702)	(132,283)
Expiration of time	(50,000)	(65,000)
Investment income	53,415	31,543
Net unrealized depreciation of investments	(96,642)	(47,446)
Change in uncollectible promises to give	-	1,852
Change in temporarily restricted net assets before cumulative effect of change in accounting principle	(69,597)	(81,198)
Cumulative effect of a change in accounting principle	-	79,130
Change in temporarily restricted net assets	<u>(69,597)</u>	<u>(2,068)</u>
<hr/>		
<u>Permanently restricted net assets:</u>		
Contributions	27,348	150,752
Change in uncollectible promises to give	<u>(1,546)</u>	<u>3,988</u>
Change in permanently restricted net assets	<u>25,802</u>	<u>154,740</u>
Change in net assets	(1,151,044)	(544,230)
Net assets, beginning	<u>1,290,565</u>	<u>1,834,795</u>
Net assets, ending	<u>\$ 139,521</u>	<u>\$ 1,290,565</u>

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



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2009

	<u>Clinical</u>	<u>Specialty Services</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries	\$ 1,262,999	\$ 1,898,959	\$ 3,161,958	\$ 472,564	\$ 174,613	\$ 3,809,135
Payroll taxes	106,780	147,610	254,390	38,041	14,056	306,487
Employee benefits	192,845	292,624	485,469	112,691	23,009	621,169
Pension expense	61,933	93,119	155,052	23,174	8,562	186,788
Professional services	59,229	215,764	274,993	72,697	757	348,447
Subcontracted services	-	179,922	179,922	-	-	179,922
Donated services	154,842	29,506	184,348	-	-	184,348
Occupancy expenses	56,000	113,318	169,318	58,358	4,954	232,630
Depreciation	53,016	-	53,016	17,672	-	70,688
Program and office supplies	19,352	85,220	104,572	15,505	1,784	121,861
Postage and printing	36	7,089	7,125	9,676	194	16,995
Insurance	2,310	-	2,310	49,183	-	51,493
Equipment costs	5,321	16,294	21,615	61,238	8,115	90,968
Interest expense	-	42	42	2,344	-	2,386
Telephone	12,056	32,048	44,104	5,272	1,754	51,130
Trauma conference	-	82,131	82,131	-	-	82,131
Conferences and conventions	1,721	39,089	40,810	11,273	544	52,627
Public relations and advertising	253	-	253	233	4,983	5,469
Temporary help	2,146	2,142	4,288	-	-	4,288
Emergency assistance	-	18,849	18,849	-	-	18,849
Miscellaneous	2,967	166	3,133	24,084	1,074	28,291
Dues and subscriptions	682	-	682	15,180	534	16,396
Transportation	1,369	17,381	18,750	3,171	29	21,950
	<u>\$ 1,995,857</u>	<u>\$ 3,271,273</u>	<u>\$ 5,267,130</u>	<u>\$ 992,356</u>	<u>\$ 244,962</u>	<u>\$ 6,504,448</u>

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



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2008

	<u>Clinical</u>	<u>Specialty Services</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries	\$ 1,152,327	\$ 1,661,523	\$ 2,813,850	\$ 389,219	\$ 157,969	\$ 3,361,038
Payroll taxes	88,153	141,728	229,881	29,775	12,085	271,741
Employee benefits	178,399	287,498	465,897	39,287	11,860	517,044
Pension expense	46,743	67,398	114,141	15,788	6,408	136,337
Professional services	99,995	173,745	273,740	58,257	203	332,200
Donated services	179,840	14,748	194,588	-	-	194,588
Occupancy expenses	51,173	113,372	164,545	80,832	4,155	249,532
Depreciation	55,120	-	55,120	18,373	-	73,493
Program and office supplies	51,173	65,060	116,233	14,374	8,090	138,697
Postage and printing	600	10,812	11,412	23,788	2,759	37,959
Insurance	5,018	4,731	9,749	40,346	379	50,474
Equipment costs	11,993	14,753	26,746	27,677	6,117	60,540
Interest expense	-	1,098	1,098	540	-	1,638
Telephone	10,942	22,726	33,668	3,142	1,084	37,894
Conferences and conventions	6,217	27,584	33,801	11,472	976	46,249
Public relations and advertising	6,023	1,668	7,691	7,231	1,484	16,406
Temporary help	-	4,623	4,623	-	-	4,623
Emergency assistance	-	23,060	23,060	-	-	23,060
Miscellaneous	1,913	-	1,913	31,327	4,031	37,271
Dues and subscriptions	527	-	527	9,911	674	11,112
Transportation	1,437	14,781	16,218	2,519	-	18,737
	<u>\$ 1,947,593</u>	<u>\$ 2,650,908</u>	<u>\$ 4,598,501</u>	<u>\$ 803,858</u>	<u>\$ 218,274</u>	<u>\$ 5,620,633</u>

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



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

STATEMENTS OF CASH FLOWS



	Year Ended June 30,	
	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,151,044)	\$ (544,230)
Adjustments to reconcile changes in net assets to net cash provided by operating assets:		
Depreciation	70,688	73,493
Change in pension liability	700,918	386,864
Provision for uncollectible promises to give	1,546	5,308
Contributions restricted for long term investments and building renovations	(25,802)	(150,752)
Unrealized and realized (gain) loss on long term investments	231,861	100,332
(Increase) decrease in operating assets:		
Unconditional promises to give and other receivables	44,177	270,013
Prepaid expenses and other assets	(15,453)	(4,264)
Increase (decrease) in operating liabilities:		
Accounts payable and other accrued expenses	396,131	60,447
Deferred revenue and refundable advances	(31,674)	26,098
Net cash provided by operating activities	<u>221,348</u>	<u>223,309</u>
Cash flows from investing activities:		
Proceeds from sales of securities	42,398	14,857
Purchases of securities	(212,593)	(358,869)
Transfer of earnings from permanently restricted net assets	-	20,000
Purchases of equipment and building renovations	(78,779)	(16,272)
Net cash used by investing activities	<u>(248,974)</u>	<u>(340,284)</u>
Cash flows from financing activities:		
Contributions restricted for long term investments and building renovations	25,802	150,752
Repayments of long term debt	(3,037)	(11,914)
Net cash provided by financing activities	<u>22,765</u>	<u>138,838</u>
Change in cash and cash equivalents	(4,861)	21,863
Cash and cash equivalents, beginning	<u>28,613</u>	<u>6,750</u>
Cash and cash equivalents, ending	<u>\$ 23,752</u>	<u>\$ 28,613</u>
Supplemental cash flow information -		
Cash paid for interest	<u>\$ 2,386</u>	<u>\$ 1,638</u>

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



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Clifford W. Beers Guidance Clinic, Inc. (Clinic) is a non-profit corporation organized in Connecticut. Through a variety of programs, the Clinic provides psychiatric evaluation and treatment for children and their families. The primary programs are as follows:

Central Clinic

Central Clinic is an outpatient facility, which provides short and long-term psychiatric care for children and their families.

Child and Adolescent Mobile Psychiatric Emergency Service (CAMPES)

CAMPES is a 24-hour emergency psychiatric service for children and youth under the age of 18. It provides in-home and community-based crisis assessments, referral services and time-limited case management for 17 towns in the Greater New Haven area.

Juveniles Opting for Treatment Learning Appropriate Behaviors Program (JOTLAB)

Early intervention for youth, ages 10-18, including those adjudicated for a first offense. The staff provides group, family or individual outpatient therapy and collaborates, where appropriate, with the Department of Children and Families (DCF), the Probation Department, and other community agencies.

Project HOPE

A mental health and case management program that encompasses AIDS affected children and family members who are HIV positive or are living with AIDS.

Child and Family Trauma Center

The Clinic was awarded a four-year \$1.6 million grant from the Substance Abuse and Mental Health Services Administration (SAMHSA) and has formed the Morris A. Wessel Child and Family Trauma Center. The grant period was from October 1, 2005 through September 30, 2009. This Center will provide services to children and their families who have experienced traumatic life events. The mission of the Center is to improve the quality of life for trauma exposed children and their caretakers, strengthen and create advocates within the community for trauma survivors, and to improve the quality of the treatment services available to those families within the greater New Haven Region.



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Use of Estimates

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

Basis of Presentation

The Clinic 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.

In August 2008, The Financial Accounting Standards Board (FASB) issued staff position No. FAS 117-1: *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (FSP FAS 117-1). FSP FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FSP FAS 117-1 also provides for other disclosures concerning an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA. The adoption of FSP FAS 117-1 required a reclassification of the amount of previously reported temporarily restricted net assets of \$79,130 to reflect the spending amount earned but not appropriated as of June 30, 2007.

Accounts Receivable

Self-pay and third party payor billings for services provided are based on client income levels and a sliding fee schedule. Client fees related to third party payors are recorded net of reductions related to coverage limitations. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Clinic provides for reductions in accounts receivable for third party payor limitations and for losses on accounts receivable limitations using the allowance method. The allowance is based on experience, third party contracts, and other circumstances which may affect the ability of clients to meet their obligations. The allowance to reduce accounts receivable to the collectible balance was \$128,758 and \$257,896 at June 30, 2009 and 2008, respectively.



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Clinic that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Restricted and Unrestricted Revenue

The Clinic measures aggregate net assets based on the absence or existence of donor-imposed restrictions. The three categories of net assets that serve as the basis for the Clinic's combined financial statements are unrestricted, temporarily restricted and permanently restricted.

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted support is 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 and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include all unrestricted highly liquid debt instruments with an initial maturity of three months or less.

Long Term Investments

Investments in the endowment and board designated funds are invested in marketable equity and debt securities which are carried at market value. The Clinic allocates investment income in accordance with donor restrictions and Connecticut law, which adopted the provisions of UPMIFA in October 2007. UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects on inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Clinic.



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Fair Value Measurements

The Clinic has partially implemented Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 157 (“SFAS 157”), “Fair Value Measurements” for financial assets and financial liabilities. This standard only applies when other standards require or permit the fair value measurement of assets and liabilities. It does not increase the use of fair value measurement.

With regard to nonfinancial assets and liabilities which are not recognized or disclosed at fair value in the Clinic’s combined financial statements on a recurring basis (at least annually), the standard is effective for fiscal years beginning after November 15, 2008. The Clinic has determined that, at present, none of its nonfinancial assets and liabilities will be subject to measurement and disclosure using SFAS 157 fair value guidance.

Building and Equipment

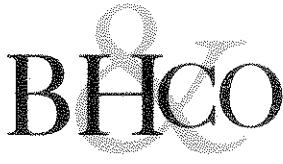
Building and equipment are recorded at cost. In 2008, the Clinic changed its capitalization policy from \$1,000 to \$2,500, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are charged to expense as incurred. Donated assets are recorded at fair value. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which range from 5 to 33 years.

Deferred Revenue and Refundable Advances

Income from future special events is deferred and recognized when the event occurs. Grant awards identified as exchange transactions are recorded as refundable advances and recognized as revenue when the related services are performed.

Donated Facility and Services

The Clinic recognizes donated services which create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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.

Income Taxes

The Clinic is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

Accounting for Uncertainty in Income Taxes

In December 2008, the Financial Accounting Standards Board issued FASB Staff Position (FSP) FIN 48-3, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises." FSP FIN 48-3 permits an entity within its scope to defer the effective date of FASB Interpretation 48 (Interpretation 48), *Accounting for Uncertainty in Income Taxes*, to its annual financial statements for fiscal years beginning after December 15, 2008. The Clinic has elected to defer the application of Interpretation 48 for the year ending June 30, 2009. The Clinic believes that the adoption of FIN 48 will have no significant effect on its results of operations.

Accounting for Uncertainty in Income Taxes

The Clinic evaluates its uncertain tax positions using the provisions of FASB Statement 5, *Accounting for Contingencies*. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized.

NOTE 2 – ENDOWMENTS

The Clinic's endowment consists of a number of individual funds for a variety of purposes. Its endowment includes donor-restricted endowment funds and unrestricted funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 2 – ENDOWMENTS – (CONTINUED)

The Board of Directors of the Clinic has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Clinic classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Clinic in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Clinic considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds, including:

- 1) The duration and preservation of the fund
- 2) The purpose of the Clinic and the donor – restricted endowment fund
- 3) The investment policies
- 4) General economic conditions
- 5) The possible effects of inflation and deflation
- 6) The expected total return of the charitable assets
- 7) Other resources of the Clinic.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Clinic to maintain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets as of June 30, 2009 and 2008 totaled \$176,132 and \$56,915, respectively. These deficiencies resulted primarily from unfavorable market fluctuations. The Clinic used \$20,000 of earnings from the endowment funds for operations during the year ended June 30, 2008. Based on the market value depreciation in the endowment funds, the Clinic did not utilize any of the earnings from the endowment funds for operations or any other purpose during the year ended June 30, 2009.



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 2 – ENDOWMENTS – (CONTINUED)

Return Objectives and Risk Parameters

The Clinic has adopted an investment policy for endowment assets with an objective of achieving investment results over the long-term that compare favorably with those of other endowments, professionally managed portfolios and appropriate benchmark indices. Risk control is an important element in the investment of endowment assets. All investments are to be invested in accordance with the investment policy. These investments will be selected to achieve the required level of portfolio diversification and will also be consistent with investment funds that have available intra-day market pricing, and transparency of holdings. Endowment assets include those assets of donor-restricted funds that the Clinic must hold in perpetuity or for a donor-specified period.

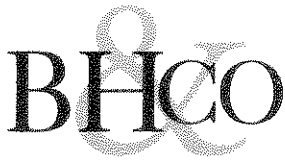
Under Connecticut law, the Clinic is permitted to appropriate as much of the investment earnings and appreciation as is prudent considering the Clinic's long and short-term needs, present and anticipated financial requirements, expected total return on investments, the possible effect of inflation or deflation, general economic conditions, and with giving primary consideration to donor intent.

Endowment net asset composition by type of fund:

<u>June 30, 2009</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Donor-restricted endowment funds	\$ (176,132)	\$ -	\$ 1,160,314	\$ 984,182
Board-designated endowment funds	42,117	-	-	42,117
	<u>\$ (134,015)</u>	<u>\$ -</u>	<u>\$ 1,160,314</u>	<u>\$ 1,026,299</u>

<u>June 30, 2008</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Donor-restricted endowment funds	\$ (56,915)	\$ 43,227	\$ 1,053,860	\$ 1,040,172
Board-designated endowment funds	48,759	-	-	48,759
	<u>\$ (8,156)</u>	<u>\$ 43,227</u>	<u>\$ 1,053,860</u>	<u>\$ 1,088,931</u>





CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 2 – ENDOWMENTS – (CONTINUED)

Return Objectives and Risk Parameters – (Continued)

Changes in endowment net assets as of June 30, 2009 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Endowment net assets, beginning of year	\$ (8,156)	\$ 43,227	\$ 1,053,860	\$ 1,088,931
Contributions	-	-	106,454	106,454
Investment income	2,596	53,415	-	56,011
Net unrealized depreciation of investments:				
Board-designated	(9,238)	-	-	(9,238)
Donor-restricted	(119,217)	(96,642)	-	(215,859)
Endowment net assets, end of year	<u>\$ (134,015)</u>	<u>\$ -</u>	<u>\$ 1,160,314</u>	<u>\$ 1,026,299</u>

Changes in endowment net assets as of June 30, 2008 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Endowment net assets, beginning of year	\$ 35,920	\$ 79,130	\$ 745,571	\$ 860,621
Contributions	800	-	308,289	309,089
Investment income	1,682	31,543	-	33,225
Net unrealized depreciation of investments:				
Board-designated	(4,203)	-	-	(4,203)
Donor-restricted	(42,355)	(47,446)	-	(89,801)
Amount appropriated for expenditure	-	(20,000)	-	(20,000)
Endowment net assets, end of year	<u>\$ (8,156)</u>	<u>\$ 43,227</u>	<u>\$ 1,053,860</u>	<u>\$ 1,088,931</u>



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 3 – FAIR VALUE MEASUREMENTS

Using the provisions within FAS No. 157, the Clinic has characterized its financial assets into a three-level fair value hierarchy, based on the priority of the inputs used to value these assets. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1], and the lowest priority to unobservable inputs [Level 3]. If the inputs used to measure the financial assets fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the investment. Financial assets recorded in the combined statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1: These are assets where values are based on unadjusted quoted prices for identical assets in an active market where the Clinic has the ability to access.

Level 2: These are assets where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments such as interest rate and yield curves that are observable at commonly quoted intervals.

Level 3: These are assets where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect the assumptions of management about assumptions market participants would use in pricing the investments.

The fair values of assets measured on a recurring basis at June 30, 2009 were follows:

	<u>Level 1</u>	<u>Level 2</u>
Investments	\$ 1,063,466	\$ -
Unconditional promises to give	-	103,917
Beneficial interest in assets held by others	-	22,074
	<u>\$ 1,063,466</u>	<u>\$ 125,991</u>



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 4 – LONG TERM INVESTMENTS

The Clinic's long term investments are stated at fair value and consist of the following:

	Original Cost	Market Value	Unrealized Depreciation
<u>June 30, 2009</u>			
Short-term investments	\$ 65,893	\$ 65,893	\$ -
Mutual funds	<u>1,337,571</u>	<u>997,573</u>	<u>(339,998)</u>
	<u>\$ 1,403,464</u>	<u>\$ 1,063,466</u>	<u>\$ (339,998)</u>
<u>June 30, 2008</u>			
Short-term investments	\$ 10,935	\$ 10,935	\$ -
Mutual funds	<u>1,222,442</u>	<u>1,114,197</u>	<u>(108,245)</u>
	<u>\$ 1,233,377</u>	<u>\$ 1,125,132</u>	<u>\$ (108,245)</u>

The market values of the Clinic's long term investments by fund were as follows:

	June 30,	
	<u>2009</u>	<u>2008</u>
Permanently restricted	\$ 984,182	\$ 1,040,172
Board-designated endowment funds	42,117	48,759
Other unrestricted	<u>37,167</u>	<u>36,201</u>
	<u>\$ 1,063,466</u>	<u>\$ 1,125,132</u>

Investment return is summarized as follows:

	Year Ended June 30,	
	<u>2009</u>	<u>2008</u>
Interest and dividend income	\$ 41,184	\$ 44,494
Capital gain distributions	23,226	1,408
Net realized and unrealized loss	(231,861)	(100,332)
Less - investment fees	<u>(5,402)</u>	<u>(5,344)</u>
	<u>\$ (172,853)</u>	<u>\$ (59,774)</u>



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 5 – RENT

Buildings

The Clinic has a lease for its West Haven and Guilford facilities. The West Haven lease is for a period of three years and will expire on April 30, 2010. The monthly rent is \$1,168 for the first year, \$1,205 for the second year, and \$1,241 for the third year. The Clinic's Guilford three-year lease expired in October 2008. The Clinic is currently leasing this facility for \$1,000 per month on a month to month basis.

The Clinic has a lease for its CAMPES program in New Haven which was renewed in February 2008. The lease is for five years with a base rent of \$51,982, which will be increased by 3% each year. The base rent expense for 2009 and 2008 was \$52,627 and \$49,710, respectively. The Clinic is also responsible for a portion of the building operating expenses.

Total building rental expense for the years ended June 30, 2009 and 2008 was \$75,784 and \$69,626, respectively.

Equipment

The Clinic has an operating lease for office equipment which expires in July 2010. The rent expense for the equipment was \$12,626 and \$13,044 for the years ended June 30, 2009 and 2008.

The future minimum lease payments for the building and equipment leases are:

<u>Year Ending</u> <u>June 30,</u>	
2010	\$ 70,581
2011	57,817
2012	57,512
2013	<u>34,128</u>
	<u>\$ 220,038</u>



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 6 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Clinic has designated philanthropic fund agreements with the Jewish Foundation of Greater New Haven, Inc. and the Community Foundation of Greater New Haven, Inc. The Clinic transferred \$10,000 into each of the funds and specified itself as the beneficiary of these funds. The funds are to be used only for charitable, educational or religious purposes either directly or by contributing to other organizations. The Clinic has granted variance power to these organizations in that the agreements permit both organizations to substitute another beneficiary if the Clinic ceases to exist or if the governing boards vote determines that the Clinic (a) is no longer necessary, or (b) is inconsistent with the needs of the community. The Clinic receives an annual income distribution from the funds which is included in the Statement of Activities. The amount distributed to the Clinic for the years ended June 30, 2009 and 2008 were \$692 and \$662, respectively. The aggregate market value of those funds at June 30, 2009 and 2008 was \$22,074 and \$27,744, respectively.

NOTE 7 – PROMISES TO GIVE

The Clinic had unconditional promises to give for their endowment and capital campaign of \$104,996 and \$197,019 as of June 30, 2009 and 2008, respectively. Promises to give in more than one year are discounted at 5%. Promises to give are as follows:

	June 30,	
	<u>2009</u>	<u>2008</u>
Receivables in less than one year	\$ 61,963	\$ 141,031
Receivables in one to five years	37,049	49,384
Receivables in more than five years	<u>16,000</u>	<u>20,000</u>
	115,012	210,415
Less discounts to net present value	(6,573)	(8,088)
Less provision for uncollectible promises to give	<u>(3,443)</u>	<u>(5,308)</u>
	<u>\$ 104,996</u>	<u>\$ 197,019</u>

NOTE 8 – DONATED SERVICES

The Clinic receives donated services for counseling provided by professional graduate school interns and bachelor level students. The value of the donated services included in contribution revenue and program expenses was \$184,348 and \$194,588 for the years ending June 30, 2009 and 2008, respectively.



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 9 – BUILDING AND EQUIPMENT

The Clinic's building and equipment is as follows:

	June 30,	
	<u>2009</u>	<u>2008</u>
Building, including land	\$ 1,669,211	\$ 1,641,548
Furniture and equipment	240,957	189,842
	<u>1,910,168</u>	<u>1,831,390</u>
Less - accumulated depreciation	<u>968,935</u>	<u>898,248</u>
	<u>\$ 941,233</u>	<u>\$ 933,142</u>

NOTE 10 – RESTRICTED NET ASSETS

The Clinic's temporarily restricted net assets consist of the following:

	June 30,	
	<u>2009</u>	<u>2008</u>
Accumulated endowment earnings and gains	\$ -	\$ 43,227
United Way	50,000	50,000
Capital campaign	49,520	54,302
Mental health services to Latino families	-	21,588
	<u>\$ 99,520</u>	<u>\$ 169,117</u>

NOTE 11 – CONCENTRATIONS

Accounts Receivable

The Clinic grants credit without collateral to its clients, most of who are located in New Haven and surrounding towns and are insured under third party payor agreements.

Various Receivables and Unconditional Promises to Give

The Clinic's concentrations of accounts and grants receivables are limited since they are dispersed among various agencies and contributors. At June 30, 2009 three promises to give accounted for 56% of the outstanding balance.

Economic Dependence

The Clinic derived \$2,722,232 and \$2,431,681 of its total revenues from DCF for the years ended June 30, 2009 and 2008, respectively.



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 11 – CONCENTRATIONS – (CONTINUED)

Concentration of Source of Supply of Labor

The Clinic's non-management and certain part-time employees (representing 48% and 51.6% of the Clinic's employees at June 30, 2009 and 2008, respectively) are members of the American Federation for County, State, and Municipal Employees, Local 1303-71. The Clinic's other employees are not represented by a union.

NOTE 12 – LINE OF CREDIT

As of June 30, 2009, the Clinic has a \$400,000 bank line of credit. Interest is payable monthly on advances at the bank's base rate plus 0.5% rate. There was no amount drawn against the line at June 30, 2009 and 2008. The credit line which was to mature August 1, 2009 was extended through December 1, 2009 and is secured by all business assets of the Clinic.

NOTE 13 – LONG TERM DEBT

At June 30, 2008 long term debt consisted of \$3,037 payable to the Greater New Haven Community Loan Fund. The loan was paid off during the year ended June 30, 2009.

NOTE 14 – PENSION PLAN

The Clinic maintains a non-contributory defined benefit pension plan (Plan) covering substantially all of its full time employees. The Plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service and the average compensation of the participants five consecutive highest years out of the last ten years of employment. Effective January 1, 2009 the Plan was frozen for all non-bargaining unit clinic employees who were eligible to participate. These eligible non bargaining unit employees were vested in the Plan with their current years of service. Additionally, effective September 1, 2009 the Clinic froze the Plan for all bargaining unit new hires, and all bargaining unit employees with less of than fifteen years of continuous service. Bargaining unit employees with fifteen or more years of continuous service shall be eligible to continue to participate in the Plan and all employees in the Plan prior to September 1, 2009 shall be vested in the Plan with their current years of service. The annual measurement date is June 30 for the pension benefits.



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 14 – PENSION PLAN – (CONTINUED)

Obligations and funded status at:

	June 30,	
	<u>2009</u>	<u>2008</u>
Actuarial present value of projected benefit obligations	\$ 3,054,679	\$ 2,752,256
Plan assets at fair value	<u>1,582,532</u>	<u>1,981,027</u>
Funded status	<u>\$ (1,472,147)</u>	<u>\$ (771,229)</u>
Accumulated benefit obligation	<u>\$ 2,610,745</u>	<u>\$ 2,333,768</u>
Employer contributions	<u>\$ 27,220</u>	<u>\$ 69,337</u>
Benefits paid	<u>\$ 38,566</u>	<u>\$ 47,811</u>

Amounts recognized in the statement of financial position at:

	June 30,	
	<u>2009</u>	<u>2008</u>
Accrued pension liability	<u>\$ 1,472,147</u>	<u>\$ 771,229</u>

Amounts recognized in the statement of activities for the year ended June 30, 2009:

Net loss	\$ 35,089
Unrecognized transition asset	<u>(21,477)</u>
Amounts previously recognized in unrestricted net assets, not yet recognized as periodic pension cost	<u>\$ 13,612</u>

Other changes in Plan assets and benefit obligations recognized in changes in unrestricted net assets for the year ended June 30, 2009:

Net loss	\$ 519,873
Amortization of transition asset	<u>21,477</u>
Total recognized in unrestricted net assets	541,350
Net periodic pension cost	<u>186,788</u>
Total recognized in net periodic pension costs and unrestricted net assets	<u>\$ 728,138</u>

The estimated net loss for the Plan that will be amortized from changes in unrestricted net assets into net periodic benefit cost over the next fiscal year is approximately \$70,000.





CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 14 – PENSION PLAN – (CONTINUED)

Assumptions:	June 30,	
	<u>2009</u>	<u>2008</u>
Weighted-average assumptions used to determine benefit obligations at June 30:		
Discount rate	6.25%	6.25%
Rate of compensation increase	3.0%	3.0%
Weighted-average assumptions used to determine net periodic benefit cost for years ended June 30:		
Discount rate	6.25%	6.25%
Expected return on plan assets	8.0%	8.0%
Rate of compensation increase	3.0%	3.0%

The Clinic's expected rate of return on Plan assets is determined by the Plan assets' historical long-term investment performances, current asset allocation, and estimates of future long-term returns by asset class.

The Clinic's actual pension plan asset allocation by asset category is as follows:

<u>Asset Category</u>	June 30,	
	<u>2009</u>	<u>2008</u>
Equity securities	65.00 %	70.00 %
Debt securities	33.00	29.00
Cash and cash equivalents	<u>2.00</u>	<u>1.00</u>
	<u>100.00 %</u>	<u>100.00 %</u>

The Clinic's Long Term Investment Objective is to: achieve the actuarial target of the Plan, maintain sufficient liquidity to meet the obligations of the Plan, diversify the assets of the Plan in order to reduce risk, and achieve investment results over the long term that compare favorably with those of other pension plans, professionally managed portfolios, and appropriate benchmark market indices.

Consistent with that Long Term Objective, the composition of the Clinic's Plan assets is managed within a range of 75%/25% asset allocation between equity and debt securities. This strategy has been developed with a Professional external Investment Consultant that utilizes actively managed mutual funds which invest in diversified equity and debt obligations consistent with the Pension Investment Policy. The Board of Directors periodically reviews the Plan assumptions, asset allocation and the performance of the investments in the Plan.



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 14 – PENSION PLAN – (CONTINUED)

Cash Flows

Contributions - The Clinic is required to contribute \$47,884 to its pension plan by March 15, 2010.

Estimated future benefit payments - The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year Ending <u>June 30,</u>	
2010	\$ 46,732
2011	60,562
2012	66,593
2013	104,357
2014	133,443
2015 - 2019	<u>952,972</u>
	<u>\$ 1,364,659</u>

NOTE 15 – RELATED PARTY TRANSACTIONS

In 2008 the Clinic renovated offices; the majority of the work was performed by a company owned by a member of the board of directors. Total contract cost for the work performed by this company was \$25,311 and \$5,130 for the years ended June 30, 2009 and 2008, respectively. The clinic owed \$10,064 at June 30, 2009 for this project. There was no amount owed at June 30, 2008.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Federal and State Assistance Programs

The Clinic receives funding in the form of assisted grant programs and Medicaid reimbursements. The use of grants in programs and Medicaid reimbursements are subject to future review by the grantors and Medicaid. Such reviews may result in the Clinic having liabilities to the grantors. In 2009 the Connecticut Department of Social Services (DSS) conducted an audit of the Clinic’s Medicaid reimbursements for the years ended June 30, 2008 and 2007 which resulted in an overpayment of \$134,670. At June 30, 2009 the Clinic’s remaining liability of \$101,033 is scheduled to be repaid over the next fourteen months through the bi-weekly remittances from DSS.



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 16 – COMMITMENTS AND CONTINGENCIES – (CONTINUED)

State Bond Funds

In 2008, the Clinic was awarded \$80,000 from the State of Connecticut Department of Social Services (DSS) and \$24,575 from DCF for projects related to its facilities. In addition, the Clinic received \$239,276 for renovation projects related to its facilities during the years ended June 30, 2007 and June 30, 2006 and has received funds for renovation projects in the past. As a condition of these grants, the Clinic is required to continue to use the facility under its intended purpose for a period of ten years from the date of final payment under the grants, or repay an amount equal to the amount of the grant funds minus ten percent for each full year which has elapsed from the date of the final payment to the state.

NOTE 17 – SUBSEQUENT EVENTS

In May 2009, the FASB issued SFAS No. 165, Subsequent Events (“SFAS 165”). This statement’s objective is to establish principles and requirements for subsequent events, including (a) the period after the balance sheet date to evaluate, (b) circumstances that would be considered a subsequent event and (c) disclosure requirements. SFAS 165 is effective for fiscal years ending after June 15, 2009 and does apply to this fiscal year ending June 30, 2009. There were no significant or material subsequent events as of the evaluation date of November 13, 2009, which is the date the financial statements were available to be issued, other than the Clinic was notified in mid September 2009, that its four year grant with SAMHSA, which ended September 30, 2009, will not be renewed. This grant contributed \$400,000 per grant year to the Clinic in Governmental assistance.