

CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2007 AND 2006

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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, 2007 and 2006 and the related statements of activities, functional expenses, 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 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, 2007 and 2006 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.

In accordance with Government Auditing Standards, we have also issued our report dated October 9, 2007 on our consideration of the Organization'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
October 9, 2007



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

STATEMENTS OF FINANCIAL POSITION

	June 30,	
<u>Assets</u>	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 6,750	\$ 6,954
Accounts receivable, net of allowances	93,622	94,489
Unconditional promises to give	460,453	15,120
United Way and other receivables	74,210	42,312
Grants receivable	120,273	128,948
Long term investments	901,452	661,733
Beneficial interest in assets held by others	29,820	25,644
Prepaid pension cost	-	160,464
Building and equipment, net	990,363	589,670
Other assets	20,375	22,607
	<u>\$2,697,318</u>	<u>\$1,747,941</u>
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Line of credit	\$ -	\$ 40,000
Accounts payable and accrued expenses	267,077	178,990
Accrued vacation pay	171,380	151,758
Accrued pension liability	384,365	-
Deferred revenue and refundable advances	24,750	85,652
Long term debt	14,951	34,694
Total liabilities	<u>862,523</u>	<u>491,094</u>
Net assets:		
Unrestricted:		
Operating	532,870	567,813
Board designated for long term purposes	50,480	45,401
Total	583,350	613,214
Temporarily restricted	171,185	44,311
Permanently restricted	1,080,260	599,322
Total net assets	<u>1,834,795</u>	<u>1,256,847</u>
	<u>\$2,697,318</u>	<u>\$1,747,941</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, 2007

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Revenue and other support:				
Client service fees	\$ 1,112,524	\$ -	\$ -	\$ 1,112,524
Governmental assistance and grants:				
Operations	3,302,617	-	-	3,302,617
Capital improvements	238,063	-	-	238,063
Contributions	<u>44,850</u>	391,802	489,684	926,336
	<u>4,698,054</u>			
Special events	295,843			
Less - costs of direct benefit to donors	<u>(106,220)</u>			
	<u>189,623</u>			189,623
Donated facility and services	163,730	-	-	163,730
United Way	36,828	107,313	-	144,141
Income from long-term assets and other investment income, net	78,752	-	-	78,752
Other income	<u>11,398</u>	-	-	<u>11,398</u>
	<u>5,178,385</u>	<u>499,115</u>	<u>489,684</u>	<u>6,167,184</u>
Net assets released from restrictions:				
Expiration of time restrictions	84,624	(84,624)	-	-
Restrictions satisfied by payments	<u>285,215</u>	<u>(285,215)</u>	-	-
	<u>369,839</u>	<u>(369,839)</u>	-	-
Total revenue and other support	<u>5,548,224</u>	<u>129,276</u>	<u>489,684</u>	<u>6,167,184</u>
Expenses:				
Program services	4,273,176	-	-	4,273,176
Management and general	702,335	-	-	702,335
Fundraising	<u>178,625</u>	-	-	<u>178,625</u>
Total expenses	<u>5,154,136</u>	-	-	<u>5,154,136</u>
Other changes in net assets				
Loss from uncollectible promises to give	-	<u>2,402</u>	<u>8,746</u>	<u>11,148</u>
Change in net assets before effect of adoption of FASB Statement No. 158	394,088	126,874	480,938	1,001,900
Effect of adoption of recognition of FASB Statement No. 158	<u>423,952</u>	-	-	<u>423,952</u>
Change in net assets	(29,864)	126,874	480,938	577,948
Net assets, beginning	<u>613,214</u>	<u>44,311</u>	<u>599,322</u>	<u>1,256,847</u>
Net assets, ending	<u>\$ 583,350</u>	<u>\$ 171,185</u>	<u>\$ 1,080,260</u>	<u>\$ 1,834,795</u>

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



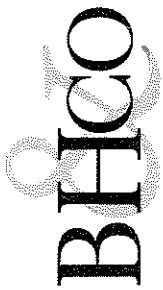
CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and other support:				
Client service fees	\$ 871,769	\$ -	\$ -	\$ 871,769
Governmental assistance and grants:				
Operations	3,086,716	-	-	3,086,716
Capital improvements	1,213	-	-	1,213
Contributions	<u>60,110</u>	32,000	2,653	94,763
	<u>4,019,808</u>			
Special events	327,095			
Less - costs of direct benefit to donors	<u>(124,688)</u>			
	<u>202,407</u>			202,407
Donated services	143,721	-	-	143,721
United Way	34,427	84,624	-	119,051
Loss from long-term assets and other investment income, net	(2,158)	-	-	(2,158)
Other income	<u>10,569</u>	-	-	<u>10,569</u>
	<u>4,408,774</u>	<u>116,624</u>	<u>2,653</u>	<u>4,528,051</u>
Net assets released from restrictions:				
Expiration of time restrictions	116,900	(116,900)	-	-
Restrictions satisfied by payments	<u>37,500</u>	<u>(37,500)</u>	-	-
	<u>154,400</u>	<u>(154,400)</u>	-	-
Total revenue and other support	<u>4,563,174</u>	<u>(37,776)</u>	<u>2,653</u>	<u>4,528,051</u>
Expenses:				
Program services	3,731,605	-	-	3,731,605
Management and general	675,619	-	-	675,619
Fundraising	<u>127,506</u>	-	-	<u>127,506</u>
Total expenses	<u>4,534,730</u>	-	-	<u>4,534,730</u>
Other changes in net assets				
Loss from uncollectible promises to give	-	-	10,416	<u>10,416</u>
Change in net assets	28,444	(37,776)	(7,763)	(17,095)
Net assets, beginning	<u>584,770</u>	<u>82,087</u>	<u>607,085</u>	<u>1,273,942</u>
Net assets, ending	<u>\$ 613,214</u>	<u>\$ 44,311</u>	<u>\$ 599,322</u>	<u>\$ 1,256,847</u>

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



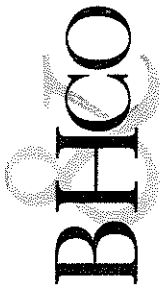
CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2007

	<u>Clinical</u>	<u>Project HOPE</u>	<u>Specialty Services</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries	\$ 910,947	\$ 76,557	\$ 1,649,471	\$ 2,636,975	\$ 324,330	\$ 127,979	\$ 3,089,284
Payroll taxes	75,777	5,418	135,737	216,932	28,151	11,076	256,159
Employee benefits	160,547	20,544	237,435	418,526	74,617	12,233	505,376
Pension expense	-	-	-	-	145,878	-	145,878
Professional services	88,102	1,264	175,545	264,911	11,216	4,940	281,067
Donated services	100,512	-	56,928	157,440	-	-	157,440
Occupancy expenses	57,246	-	130,206	187,452	31,878	-	219,330
Depreciation	42,476	-	-	42,476	14,159	-	56,635
Program and office supplies	27,047	11,144	60,102	98,293	7,871	5,989	112,153
Postage and printing	1,106	-	21,854	22,960	2,488	632	26,080
Insurance	19,547	-	18,265	37,812	10,601	-	48,413
Equipment costs	16,943	-	18,639	35,582	5,331	3,039	43,952
Interest expense	586	-	1,975	2,561	219	-	2,780
Telephone	12,934	120	17,707	30,761	3,373	-	34,134
Conferences and conventions	5,590	190	31,084	36,864	1,500	232	38,596
Public relations and advertising	6,595	-	(965)	5,630	5,263	1,823	12,716
Temporary help	2,866	-	12,935	15,801	3,157	-	18,958
Emergency assistance	-	-	22,290	22,290	-	-	22,290
Miscellaneous	5,417	6,580	5,925	17,922	23,630	7,343	48,895
Dues and subscriptions	946	-	1,377	2,323	7,201	430	9,954
Transportation	1,273	377	18,015	19,665	1,472	65	21,202
Capital campaign	-	-	-	-	-	2,844	2,844
	<u>\$ 1,536,457</u>	<u>\$ 122,194</u>	<u>\$ 2,614,525</u>	<u>\$ 4,273,176</u>	<u>\$ 702,335</u>	<u>\$ 178,625</u>	<u>\$ 5,154,136</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, 2006

	<u>Clinical</u>	<u>Project HOPE</u>	<u>Specialty Services</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries	\$ 838,678	\$ 79,989	\$ 1,422,657	\$ 2,341,324	\$ 325,269	\$ 97,686	\$ 2,764,279
Payroll taxes	67,702	6,164	118,838	192,704	26,273	8,506	227,483
Employee benefits	130,758	16,988	236,073	383,819	45,522	6,466	435,807
Pension expense	-	-	-	-	118,321	-	118,321
Professional services	79,824	16,548	170,480	266,852	30,256	9,810	306,918
Donated services	100,512	-	37,101	137,613	-	-	137,613
Occupancy expenses	56,069	-	69,573	125,642	34,491	-	160,133
Depreciation	41,601	-	-	41,601	13,867	-	55,468
Program and office supplies	28,649	4,995	31,306	64,950	12,198	393	77,541
Postage and printing	1,817	36	12,234	14,087	1,848	473	16,408
Insurance	22,463	-	10,081	32,544	15,777	-	48,321
Equipment costs	14,112	-	9,974	24,086	13,265	300	37,651
Interest expense	4,706	-	4,133	8,839	4,030	-	12,869
Telephone	12,650	83	14,211	26,944	6,322	-	33,266
Conferences and conventions	1,557	248	4,619	6,424	1,110	546	8,080
Public relations and advertising	3,619	-	1,047	4,666	4,589	-	9,255
Temporary help	1,875	-	1,766	3,641	-	-	3,641
Emergency assistance	-	-	21,935	21,935	-	-	21,935
Miscellaneous	923	9,128	309	10,360	14,107	2,013	26,480
Dues and subscriptions	780	-	547	1,327	6,554	420	8,301
Transportation	971	-	21,276	22,247	1,820	11	24,078
Capital campaign	-	-	-	-	-	882	882
	<u>\$ 1,409,266</u>	<u>\$ 134,179</u>	<u>\$ 2,188,160</u>	<u>\$ 3,731,605</u>	<u>\$ 675,619</u>	<u>\$ 127,506</u>	<u>\$ 4,534,730</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>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$ 577,948	\$ (17,095)
Adjustments to reconcile changes in net assets to net cash provided by operating assets:		
Depreciation	56,635	55,468
Pension expense	544,829	118,321
Provision for uncollectible promises to give	11,148	-
Contributions restricted for long term investments and building renovations	(489,684)	(2,653)
Unrealized and realized (gain) loss on long term investments	(66,024)	5,601
(Increase) decrease in operating assets:		
Unconditional promises to give and other receivables	(478,837)	106,748
Prepaid expenses and other assets	(1,944)	(3,021)
Increase (decrease) in operating liabilities:		
Accounts payable and other accrued expenses	107,709	(122,821)
Deferred revenue and refundable advances	(60,902)	44,837
Net cash provided by operating activities	<u>200,878</u>	<u>185,385</u>
Cash flows from investing activities:		
Proceeds from sales of securities	810,537	48,489
Purchases of securities	(984,232)	(60,221)
Transfer of earnings from permanently restricted net assets	-	25,000
Purchases of equipment and building renovations	(457,328)	(35,206)
Net cash used by investing activities	<u>(631,023)</u>	<u>(21,938)</u>
Cash flows from financing activities:		
Contributions restricted for long term investments and building renovations	489,684	2,653
Line of credit, net payments	(40,000)	(276,000)
New loans	-	20,000
Repayments of long term debt	(19,743)	(15,530)
Net cash provided (used) by financing activities	<u>429,941</u>	<u>(268,877)</u>
Change in cash and cash equivalents	(204)	(105,430)
Cash and cash equivalents, beginning	<u>6,954</u>	<u>112,384</u>
Cash and cash equivalents, ending	<u>\$ 6,750</u>	<u>\$ 6,954</u>
Supplemental cash flow information -		
Cash paid for interest	<u>\$ 2,780</u>	<u>\$ 12,869</u>

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



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

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)

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, the Probation Department, and other community agencies.

Project HOPE

A mental health and case management program that encompasses AIDS affected children (Department of Public Health funding) and family members who are HIV positive or are living with AIDS (Ryan White Title I).

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. 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, 2007 AND 2006

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

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

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 \$532,992 and \$532,946 at June 30, 2007 and 2006, respectively.

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.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

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

Restricted and Unrestricted Revenue

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.

Investments

The Clinic carries investments in marketable securities with readily determinable fair values at their fair value. Unrealized gains and losses are included in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income or gains are recognized.

Building and Equipment

Building and equipment are recorded at cost. All acquisitions of \$1,000 or more are capitalized, 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.



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

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

Donated Facility and Services

The Clinic's lease at one of its facilities is at a significant discount. In addition, 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. The fair value of donated facilities and services less the amounts actually paid is recognized as a contribution and an expense.

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).

NOTE 2 – LONG TERM INVESTMENTS

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

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
<u>June 30, 2007</u>			
Short-term investments	\$ 86,256	\$ 86,256	\$ -
Equity securities	<u>822,078</u>	<u>815,196</u>	<u>(6,882)</u>
	<u>\$ 908,334</u>	<u>\$ 901,452</u>	<u>\$ (6,882)</u>
<u>June 30, 2006</u>			
Short-term investments	\$ 13,635	\$ 13,635	\$ -
Government bonds	208,847	209,826	979
Equity securities	<u>398,345</u>	<u>438,272</u>	<u>39,927</u>
	<u>\$ 620,827</u>	<u>\$ 661,733</u>	<u>\$ 40,906</u>

CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006



NOTE 2 – LONG TERM INVESTMENTS – (CONTINUED)

Investment return is summarized as follows:

	June 30,	
	<u>2007</u>	<u>2006</u>
Interest and dividend income	\$ 25,066	\$ 18,983
Bond amortization	(1,740)	(3,721)
Net realized and unrealized gain (loss)	66,024	(5,601)
Less - investment fees	<u>(10,598)</u>	<u>(11,819)</u>
	<u>\$ 78,752</u>	<u>\$ (2,158)</u>

NOTE 3 – 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. In accordance with SFAS No. 136 "Transfer of Assets to Not-For-Profit or Charitable Trust That Raises or Holds Contributions for Others", the Clinic must recognize its beneficial interest in the assets held by the recipient organizations. The aggregate market value of those funds at June 30, 2007 and 2006 was \$29,820 and \$25,644, respectively.

NOTE 4 – RENT

Buildings

The Clinic has a lease for its West Haven and Guilford facilities. The West Haven lease had a monthly rent of \$876 and expired on April 30, 2007. The Clinic renewed this lease for three years with the monthly rent of \$1,168 for the first year, \$1,205 for the second year, and \$1,241 for the third year. The Clinic renewed the Guilford lease which expires in October 2008. The monthly rent is \$900 for the first year, \$950 for the second year, and \$1,000 for the third year. The Clinic has a three year renewal option for this lease.

CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006



NOTE 4 – RENT – (CONTINUED)

The Clinic has a lease for its CAMPES program in New Haven which expires in February 2008. The base rent expense for 2007 and 2006 was \$48,084 and \$44,969, respectively. The Clinic is also responsible for a portion of the building operating expenses. The lease has a five year renewal option with a base rent of \$48,087 or a market rate, whichever is greater.

The building rental expense for the years ended June 30, 2007 and 2006 was \$71,070 and \$69,957, respectively. The rent expense for 2007 and 2006 includes \$6,290 and \$6,108 of donated rent, respectively, which reflects the difference between the rent at market rates and the amount actually paid.

Equipment

The Clinic has operating leases for office equipment, which expire at various dates through January 2008. The rent expense for the equipment was \$10,453 and \$8,721 for the years ended June 30, 2007 and 2006.

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

Year Ending <u>June 30,</u>	
2008	\$ 51,273
2009	16,747
2010	<u>12,410</u>
	<u>\$ 80,430</u>

NOTE 5 – PROMISES TO GIVE

The Clinic had unconditional promises to give for their endowment and capital campaign of \$460,453 and \$15,120 as of June 30, 2007 and 2006, respectively. Promises to give after June 30, 2007 and 2006 are discounted at 5%. Promises to give are as follows:

	June 30,	
	<u>2007</u>	<u>2006</u>
Receivables in less than one year	\$ 315,197	\$ 5,959
Receivables in one to five years	160,233	4,000
Receivables in more than five years	<u>6,000</u>	<u>7,000</u>
	481,430	16,959
Less discounts to net present value	(9,829)	(1,839)
Less provision for uncollectible promises to give	<u>(11,148)</u>	<u>-</u>
	<u>\$ 460,453</u>	<u>\$ 15,120</u>



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

NOTE 6 – DONATED FACILITY AND SERVICES

The Clinic receives donated services for counseling provided by professional graduate school interns and bachelor level students. In addition, the Clinic’s lease for the West Haven facility is lower than market value. The value of donated services included in contributions revenue and program expense are:

	Year ended June 30,	
	<u>2007</u>	<u>2006</u>
Donated revenue/program expense		
Services	\$ 157,440	\$ 137,613
West Haven lease	<u>6,290</u>	<u>6,108</u>
	<u>\$ 163,730</u>	<u>\$ 143,721</u>

NOTE 7 – BUILDING AND EQUIPMENT

The Clinic’s building and equipment is as follows:

	June 30,	
	<u>2007</u>	<u>2006</u>
Building, including land	\$ 1,641,547	\$ 1,212,659
Furniture and equipment	<u>191,946</u>	<u>163,506</u>
	1,833,493	1,376,165
Less - accumulated depreciation	<u>843,130</u>	<u>786,495</u>
	<u>\$ 990,363</u>	<u>\$ 589,670</u>

NOTE 8 – RESTRICTED NET ASSETS

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

	June 30,	
	<u>2007</u>	<u>2006</u>
United Way	\$ 65,000	\$ 42,311
Medication management	35,000	-
Capital campaign	50,974	2,000
Mental health services to Latino families	<u>20,211</u>	<u>-</u>
	<u>\$ 171,185</u>	<u>\$ 44,311</u>

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income and realized and unrealized gains from permanently restricted net assets can be used to support the Clinic’s general activities.



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

NOTE 9 – CONCENTRATIONS

Accounts Receivable

The Clinic grants credit without collateral to its clients, most of who are located in the New Haven area, 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, 2007 six promises to give accounted for 73% of the outstanding balance, of which two accounted for 42% of the outstanding balance.

Economic Dependence

The Clinic derived \$2,252,487 and \$2,209,624 of its total revenues from the State of Connecticut Department of Children and Families for 2007 and 2006, respectively.

Concentration of Source of Supply of Labor

The Clinic's non-management and certain part-time employees (representing 56.9% and 53% of the Clinic's employees at June 30, 2007 and 2006, 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 10 – LINE OF CREDIT

As of June 30, 2007, the Clinic has a \$400,000 bank line of credit. The line matures in February 1, 2008 and is secured by all assets of the Clinic. Interest is payable monthly on advances at the bank's prime rate. There was \$40,000 drawn against the line as of June 30, 2006. There was no amount drawn against the line at June 30, 2007.



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

NOTE 11 – LONG TERM DEBT

Long term debt consists of the following:

	June 30,	
	<u>2007</u>	<u>2006</u>
Mortgage payable in monthly payments of \$970, including principal plus interest at 4.82%. The mortgage is collateralized by the Clinic's land and building.	\$ 5,578	\$ 18,808
Note payable to Greater New Haven Community Loan Fund, payable in monthly payments of \$613, including principal plus interest at 6.50%. The note is secured by accounts receivable.	<u>9,373</u>	<u>15,886</u>
	<u>\$ 14,951</u>	<u>\$ 34,694</u>

The scheduled principal payments of long term debt are:

Year Ending <u>June 30,</u>	
2008	11,935
2009	<u>3,016</u>
	<u>\$ 14,951</u>

NOTE 12 – PENSION PLAN

The Clinic maintains a non-contributory defined benefit pension 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 final average salary at retirement. The annual measurement date is June 30 for the pension benefits.

Obligations and Funded Status at:

	June 30,	
	<u>2007</u>	<u>2006</u>
Actuarial present value of projected benefit obligations	\$2,523,152	\$2,188,780
Plan assets at fair value	<u>2,138,787</u>	<u>1,861,075</u>
Funded status	<u>\$ (384,365)</u>	<u>\$ (327,705)</u>
Accumulated benefit obligation	\$2,083,992	1,817,758
Employer contributions	25,000	-
Benefits paid	15,365	120,567



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

NOTE 12 – PENSION PLAN – (CONTINUED)

Amounts recognized in the statement of financial position at:

	June 30,	
	<u>2007</u>	<u>2006</u>
Prepaid pension cost	\$ -	\$ 160,464
Accrued pension liability	384,365	-

Amounts recognized in the statement of activities for the year ended June 30, 2007:

Net loss	\$ 466,904
Prior service cost	-
Unrecognized transition asset	<u>(42,952)</u>
Amounts recognized in unrestricted net assets, not yet recognized as periodic pension cost	423,952
Net periodic pension cost	<u>145,878</u>
Total recognized in net periodic pension costs and unrestricted net assets	<u>\$ 569,830</u>

The estimated net loss and unrecognized transition asset for the plan that will be amortized from changes in unrestricted net assets into net periodic benefit cost over the next fiscal year are \$26,025 and \$21,480, respectively.

Assumptions:

	June 30,	
	<u>2007</u>	<u>2006</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, 2007:		
Discount rate	6.25%	6.25%
Expected return on plan assets	8.0%	8.0%
Rate of compensation increase	3.0%	3.0%



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

NOTE 12 – PENSION PLAN – (CONTINUED)

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 adopted the recognition provisions of FASB Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—An Amendment of FASB Statements No. 87, 88, 106, and 132(R)*, as of June 30, 2007, which requires that the funded status of defined benefit pension and other post retirement plans be fully recognized in the statement of financial position. The incremental effects of applying FASB Statement 158 on individual line items in the statement of financial position as of that date are as follows:

<u>Financial statement line item</u>	<u>Before application of SFAS No. 158</u>	<u>Adjustments</u>	<u>After application of SFAS No. 15</u>
Prepaid pension cost	\$ 39,587	\$ (39,587)	\$ -
Total assets	2,736,905	(39,587)	2,697,318
Accrued pension liability	-	(384,365)	(384,365)
Total liabilities	1,246,888	(384,365)	862,523
Unrestricted net assets-operating	956,822	(423,952)	532,870
Total net assets	2,258,747	(423,952)	1,834,795

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

<u>Asset Category</u>	June 30,	
	<u>2007</u>	<u>2006</u>
Equity securities	69.00 %	72.00 %
Debt securities	18.00	26.00
Cash and cash equivalents	<u>13.00</u>	<u>2.00</u>
Total	<u>100.00 %</u>	<u>100.00 %</u>

The Clinic's investment strategy is based on an expectation that equity securities will outperform debt securities over the long term. Accordingly, the composition of the Clinic's plan assets is broadly characterized as a 75% / 25% allocation between equity and debt securities. The strategy utilizes actively managed U.S. equity securities and passively managed U.S. Government debt securities.



CLIFFORD W. BEERS GUIDANCE CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

NOTE 12 – PENSION PLAN – (CONTINUED)

The Clinic attempts to mitigate investment risk by rebalancing between equity and debt classes as the Clinic's contributions and monthly benefit payments are made. Although changes in interest rates may affect the fair value of a portion of the investment portfolio and cause unrealized gains or losses, such gains or losses would not be realized unless the investments are sold.

Cash Flows

Contributions - The Clinic is required to contribute \$69,337 and \$27,220 to its pension plan by March 15, 2008 and 2009, respectively.

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

<u>Year Ending</u> <u>June 30,</u>	
2008	\$ 24,372
2009	62,356
2010	59,074
2011	72,880
2012	79,172
2013 - 2017	<u>818,571</u>
	<u>\$1,116,425</u>

NOTE 13 – RELATED PARTY TRANSACTIONS

In 2007 the Clinic renovated its lower level; the majority of the work was performed by a company owned by a member of the board of directors. Total contract costs for the work performed by this company were \$400,058. There were no amounts due at June 30, 2007.



NOTE 14 – COMMITMENTS AND CONTINGENCIES

Federal and State Assistance programs

The Clinic receives funding in the form of assisted grant programs. The use of grants in programs is subject to future review by the grantors. Such reviews may result in the Clinic having liabilities to the grantors.

The Clinic received \$239,276 for renovation projects related to its facilities during the years end 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.