

**ALTERNATIVES FOR COMMUNITY  
& ENVIRONMENT, INC.**

Financial Statements

and

Auditors' Report

June 30, 2008 with Comparative Totals for 2007



**Daniel Dennis & Company LLP**  
*Certified Public Accountants*

116 Huntington Avenue  
Boston, MA 02116  
(617) 262-9898  
FAX: (617) 437-9937

Web Site: <http://www.danieldennis.com>

**Alternatives for Community & Environment, Inc.**  
June 30, 2008

*Contents*

	<i>Page</i>
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6

# Daniel Dennis & Company LLP

*Certified Public Accountants*

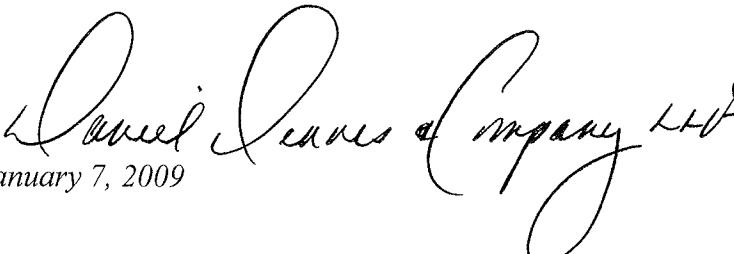
To the Board of Directors of  
**Alternatives for Community &  
Environment, Inc.**

## *Independent Auditors' Report*

We have audited the accompanying statement of financial position of Alternatives for Community & Environment, Inc. (ACE) as of June 30, 2008 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of ACE's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from ACE's 2007 financial statements and, in our report dated February 13, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements 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 Alternatives for Community & Environment, Inc. as of June 30, 2008 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.

  
January 7, 2009

**Alternatives for Community & Environment, Inc.**

## Statement of Financial Position

June 30, 2008 with Comparative Totals for 2007

	2008	2007
<b>Assets</b>		
<hr/>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 414,424	\$ 218,267
Cash held for specific organizations	15,300	-
Promises to give, net	151,580	228,000
Accounts receivable	34,330	-
Investments	388,375	643,259
Prepaid expenses	<u>12,085</u>	<u>5,151</u>
Total current assets	<u>1,016,094</u>	<u>1,094,677</u>
<i>Fixed Assets</i>		
Office equipment	67,778	65,438
Accumulated depreciation	<u>(62,506)</u>	<u>(59,624)</u>
Net fixed assets	<u>5,272</u>	<u>5,814</u>
<i>Other Assets</i>		
Security deposit	<u>10,000</u>	<u>10,000</u>
Total assets	<u>\$ 1,031,366</u>	<u>\$ 1,110,491</u>
<hr/>		
<b>Liabilities and Net Assets</b>		
<hr/>		
<i>Current Liabilities:</i>		
Accounts payable	\$ 32,577	\$ 4,772
Accrued expenses	35,048	26,024
Designated by donor for specific organizations	<u>15,300</u>	<u>-</u>
Total liabilities	<u>82,925</u>	<u>30,796</u>
<i>Net Assets:</i>		
Unrestricted		
Board designated contingency reserve	298,890	283,964
Fixed assets	5,272	5,814
Operating	<u>487,779</u>	<u>522,919</u>
Total unrestricted net assets	791,941	812,697
Temporarily restricted	<u>156,500</u>	<u>266,998</u>
Total net assets	<u>948,441</u>	<u>1,079,695</u>
Total liabilities and net assets	<u>\$ 1,031,366</u>	<u>\$ 1,110,491</u>

*See accompanying notes to financial statements.*

**Alternatives for Community & Environment, Inc.**  
Statement of Activities  
For the Year Ended June 30, 2008 with Comparative Totals for 2007

	2008	2007
<b><i>Changes in Unrestricted Net Assets:</i></b>		
<i>Revenue and Support:</i>		
Government grants and contracts	\$ 47,651	\$ 23,000
Foundation grants and contributions	651,428	625,450
Fees	7,624	2,183
Interest	37,806	37,021
Unrealized gain on investments	10,280	4,806
Other income	22	589
Net assets released from restrictions	<u>266,998</u>	<u>365,000</u>
Total unrestricted revenue and support	<u>1,021,809</u>	<u>1,058,049</u>
<i>Expenses:</i>		
<i>Programs:</i>		
Roxbury Environmental Empowerment Project	296,162	256,826
Services to Allies	204,984	173,527
Membership	274,983	268,685
Action	<u>51,305</u>	<u>43,002</u>
Total programs	<u>827,434</u>	<u>742,040</u>
<i>Supporting services:</i>		
General and administrative	79,016	76,138
Fundraising	<u>136,115</u>	<u>93,164</u>
Total supporting services	<u>215,131</u>	<u>169,302</u>
Total expenses	<u>1,042,565</u>	<u>911,342</u>
Change in unrestricted net assets	<u>(20,756)</u>	<u>146,707</u>
<b><i>Changes in Temporarily Restricted Net Assets:</i></b>		
Foundation grants and contributions	156,500	266,998
Net assets released from restrictions	<u>(266,998)</u>	<u>(365,000)</u>
Change in temporarily restricted net assets	<u>(110,498)</u>	<u>(98,002)</u>
Change in net assets	(131,254)	48,705
Net assets, beginning of year	<u>1,079,695</u>	<u>1,030,990</u>
Net assets, end of year	<u>\$ 948,441</u>	<u>\$ 1,079,695</u>

*See accompanying notes to financial statements.*

**Alternatives for Community & Environment, Inc.**

Statement of Functional Expenses

For the Year Ended June 30, 2008 with Summarized Comparative Totals for 2007

Description	Program Services				Supporting Services			
	Roxbury Environmental Empowerment Project	Services to Allies	Action	Membership	General and Administrative	Fund Raising	2008 Total	2007 Total
Payroll and related expenses	\$ 195,376	\$ 169,040	\$ 47,946	\$ 204,162	\$ 55,696	\$ 95,559	\$ 767,779	\$ 706,303
Consultants	6,620	2,152	913	5,403	10,967	4,672	30,727	30,332
Payroll service	496	478	-	915	186	311	2,386	2,325
Rent	12,572	12,124	-	23,219	4,715	7,899	60,529	57,674
Postage and delivery	349	283	166	2,037	96	3,595	6,526	6,460
Telephone and fax	1,160	1,119	-	2,143	435	729	5,586	4,906
Printing and copying	2,120	1,786	527	4,960	479	5,607	15,479	10,590
Office supplies	3,288	2,055	602	3,104	550	2,454	12,053	12,136
Travel and transportation	3,618	2,833	34	3,517	31	581	10,614	9,875
Membership dues	515	773	92	778	1,758	895	4,811	4,507
Staff development	116	43	18	81	16	203	477	1,980
Publications and library	9	2,153	3	8	51	200	2,424	830
Insurance	464	5,402	136	726	1,598	213	8,539	4,521
Utilities	2,666	2,572	-	4,925	1,000	1,675	12,838	9,048
In-kind expense	-	355	-	-	-	-	355	-
Events	3,490	1,039	783	10,924	1,134	11,013	28,383	20,351
Miscellaneous	140	58	25	117	24	39	403	2,747
Grants	62,358	-	-	6,666	-	-	69,024	21,790
Bad debt expense	206	143	60	191	55	95	750	252
Depreciation	599	576	-	1,107	225	375	2,882	4,715
<b>Total</b>	<b>\$ 296,162</b>	<b>\$ 204,984</b>	<b>\$ 51,305</b>	<b>\$ 274,983</b>	<b>\$ 79,016</b>	<b>\$ 136,115</b>	<b>\$ 1,042,565</b>	<b>\$ 911,342</b>

See accompanying notes to financial statements.

**Alternatives for Community & Environment, Inc.**  
Statement of Cash Flows  
For the Year Ended June 30, 2008 with Comparative Totals for 2007

	2008	2007
<b><i>Cash Flows From Operating Activities</i></b>		
Change in net assets	\$ (131,254)	\$ 48,705
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	2,882	4,716
Bad debt expense	750	250
Net realized and unrealized (gain)/ loss on investment	(10,280)	(4,806)
(Increase)/decrease in operating assets:		
Cash held for specific organizations	(15,300)	-
Promises to give	75,670	78,350
Accounts receivable	(34,330)	9,160
Prepaid expenses	(6,935)	197
Increase/(decrease) in operating liabilities:		
Accounts payable	27,805	4,772
Accrued expenses	9,024	(6,408)
Designated by donor for specific organizations	15,300	-
Grants payable	-	(48,575)
Net cash (used in) provided by operating activities	<u>(66,668)</u>	<u>86,361</u>
<b><i>Cash Flows From Investing Activities</i></b>		
Equipment purchase	(2,340)	(2,454)
Investment purchases	(447,837)	(690,565)
Proceeds from sales of investments	<u>713,002</u>	<u>771,096</u>
Net cash provided by investing activities	<u>262,825</u>	<u>78,077</u>
Net increase in cash and cash equivalents	196,157	164,438
Cash and cash equivalents at beginning of year	<u>218,267</u>	<u>53,829</u>
Cash and cash equivalents at end of year	<u>\$ 414,424</u>	<u>\$ 218,267</u>

*See accompanying notes to financial statements.*

## **Alternatives for Community & Environment, Inc.**

Notes to Financial Statements

June 30, 2008

### **1. Organization**

Alternatives for Community & Environment, Inc. (ACE), is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Based in Roxbury, Massachusetts, ACE builds the power of communities of color and lower income communities to eradicate environmental racism and classism and achieve environmental justice. ACE believes everyone has the right to a healthy environment and to be decision-makers on issues affecting their communities. ACE is a membership-driven organization, but also provides services to partner groups in its region. ACE's current programs include:

*Roxbury Environmental Empowerment Project* – ACE develops environmental justice leadership among youth in its home neighborhood through an environmental justice curriculum, leadership program, and youth-led organizing projects.

*Services to Allies* – ACE provides an integrated set of services (legal and technical assistance, networking, and capacity building) to groups working on environmental justice in its region. As part of this program, ACE coordinates the *Massachusetts Environmental Justice Assistance Network* (MEJAN), a network of more than 100 attorneys, public health professionals, and environmental consultants, who provide pro bono assistance to groups throughout the state.

*Membership* – ACE supports the organizing and leadership development activities of its members. This program includes the T Riders Union project, which brings transit riders together to advocate for first class service, and On the Move Coalition, a collaborative project, that seeks transportation justice and the creation of environmentally sustainable and livable communities.

*Action* – ACE hosts the coordinator for *Action for Regional Equity Coalition*. This coalition addresses continuing disparities in affordable housing, transportation investment and environmental justice.

ACE's programs are funded primarily by government and foundation grants and contributions from the general public.

### **2. Summary of Significant Accounting Policies**

#### *Basis of Accounting*

ACE prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.



**Alternatives for Community & Environment, Inc.**

Notes to Financial Statements - *Continued*

June 30, 2008

**2. *Summary of Significant Accounting Policies - Continued***

*Foundation Grants and Contributions*

ACE reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restrictions are accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

ACE uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2008, the outstanding promises to give were fully collectible. At June 30, 2007, there was an allowance of \$250 for a potentially uncollectible promise to give. During 2008 and 2007, promises to give totaling \$750 and \$250, respectively, were written off as uncollectible.

*Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

*Fixed Assets*

Donations of fixed assets are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, ACE reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ACE reclassifies temporarily restricted net assets to unrestricted net assets at that time. Purchased fixed assets are carried at cost. Repairs and maintenance are charged to operations. Betterments, renewals and purchases of more than \$500 are capitalized. Fixed assets are depreciated using the straight-line method.

Depreciation expense for the years ended June 30, 2008 and 2007 was \$2,882 and \$4,716, respectively.

*Designated by Donor for Specific Organizations*

Designated by donor for specific organizations represents assets accepted by ACE that it agrees to use on the behalf of or transfer to another entity.

**Alternatives for Community & Environment, Inc.**

Notes to Financial Statements - *Continued*

June 30, 2008

2. ***Summary of Significant Accounting Policies – Continued***

*Accounts Receivable*

Accounts receivable are presented net of the allowance for doubtful accounts. ACE's periodic evaluation of the adequacy of the allowance is based on its past loss experience. Accounts receivables are charged off when they are over 90 days past due. At June 30, 2008, the outstanding accounts were fully collectible. At June 30, 2007, there were no outstanding accounts.

*Cash Equivalents*

ACE considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

*Investments*

Investments are carried at fair market value. Investment income and gains and losses on investments are reported as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

*Donated Services*

ACE receives donated services in support of its administrative and programmatic functions. Donated services are recorded at fair value. Donated services that (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated are recorded as contributions in the financial statements. Donated services not requiring specialized skills are not recorded in the financial statements.

*Functional Allocation of Expenses*

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

*Summarized Comparative Financial Statements*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ACE's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

**Alternatives for Community & Environment, Inc.**

Notes to Financial Statements - *Continued*

June 30, 2008

**3. Lease Commitment**

ACE leases office space under a non-cancelable lease that expires in March 2009. Rent expense for the years ended June 30, 2008 and 2007 was \$60,529 and \$57,667, respectively. The minimum amount due over the remaining lease term is \$47,095. ACE plans to renew the lease before the expiration date.

**4. Promises to Give**

*Unconditional*

At June 30, 2008 and 2007, unconditional promises to give totaled \$126,830 and 228,000, respectively, and were all due within one year.

*Conditional*

Conditional promises to give at June 30, 2008 consist of the following:

<i>Donor</i>	<i>Purpose</i>	<i>June 30,</i>		<i>Total</i>
		<u>2009</u>	<u>2010</u>	
Barr Foundation (1)	General operations	\$ 105,000	\$ -	\$ 105,000
Barr Foundation (2)	On the Move Coalition	100,000	-	100,000
Policy Link	Policy Campaign Director for Action	<u>79,422</u>	<u>36,711</u>	<u>116,133</u>
	Total conditional promises to give	<u>\$ 284,422</u>	<u>\$ 36,711</u>	<u>\$ 321,133</u>

The Barr Foundation (1) promise for general operations is conditioned upon a review of the grant report and the assessment of the progress and achievements of ACE's operations. The Barr Foundation (2) promise for the On the Move Coalition is conditioned upon a review of the grant report and the assessment of the progress and achievements of the On the Move Coalition project.

**5. Investments**

Investments at June 30, 2008 and 2007 consisted of the following:

<i>Investment</i>	<i>Market Value</i>	
	<u>2008</u>	<u>2007</u>
Equity securities	\$ 93,031	\$ 94,535
Certificates of Deposits	203,669	311,000
Government securities	<u>91,675</u>	<u>237,724</u>
Total	<u>\$ 388,375</u>	<u>\$ 643,259</u>

**Alternatives for Community & Environment, Inc.**

Notes to Financial Statements - *Continued*

June 30, 2008

**6. Concentrations**

*Credit Risk*

ACE's accounts at its financial institutions are insured by the Federal Deposit Insurance Corporation, up to \$100,000. At June 30, 2008, ACE had no deposits in excess of federally insured limits. At June 30, 2007, ACE had deposits of \$51,611 in excess of the federally insured limits. Securities held at its investment manager are protected up to \$500,000 by the Securities Investors Protection Corporation. ACE's investments are subject to market fluctuations. Due to the level of risk associated with investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the financial statements.

*Revenue and Support*

During 2008 and 2007, ACE received 20% and 24%, respectively, of its total revenue and support from two donors. At June 30, 2008 and 2007, 66% and 77%, respectively, of the outstanding promises to give was due from three donors.

**7. Retirement Plan**

ACE has a 401k defined contribution plan (the Plan) covering all eligible employees. ACE makes a contribution to the Plan each year equal to 5% of each individual participant's compensation. Participants vest after three years of service, at which time; they earn a nonforfeitable right to the contributions made on their behalf by ACE. Total expense for the years ended June 30, 2008 and 2007, was \$26,986 and \$24,971, respectively.

**8. Temporarily Restricted Net Assets**

At June 30, 2008 and 2007, temporarily restricted net assets were available for the following purposes:

<i>Programs and Functions</i>	<i>June 30,</i>	
	<i>2008</i>	<i>2007</i>
General and Administrative (time restricted)	\$ 130,000	\$ 125,000
Action	-	36,998
Membership	2,500	-
Service to Allies	6,000	-
Roxbury Environmental Empowerment Project	18,000	105,000
Total	<u>\$ 156,500</u>	<u>\$ 266,998</u>

**Alternatives for Community & Environment, Inc.**

Notes to Financial Statements - *Continued*

June 30, 2008

**9. *Donated Services***

During 2008 and 2007, ACE received donated legal staffing services valued at \$25,030 and \$11,417, respectively, in support of its programmatic function. This contribution is recognized in the Statement of Activities.

**10. *Designated by Donor for Specific Organizations***

ACE serves as a fiscal agent for two unincorporated nonprofit organizations, the Owl Box Project and Roxbury Neighborhood Council, and its partners in the On the Move Coalition. \$15,300 was being held by ACE for other organizations at June 30, 2008.