

**SCM COMMUNITY
TRANSPORTATION CORPORATION**

FINANCIAL STATEMENTS

and

INDEPENDENT AUDITORS' REPORT

June 30, 2011 and 2010



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
SCM Community Transportation Corporation
Somerville, Massachusetts

We have audited the accompanying statements of financial position of **SCM Community Transportation Corporation** as of June 30, 2011 and 2010, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **SCM Community Transportation Corporation**, as of June 30, 2011 and 2010 and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Rucci, Bardaro & Barrett, PC

Rucci, Bardaro & Barrett, PC
Certified Public Accountants

April 27, 2012

SCM COMMUNITY TRANSPORTATION CORPORATION

STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 84,887	\$ 99,547
Accounts receivable, net of allowance for uncollectible accounts of \$5,400 in 2011 and \$9,000 in 2010	270,731	261,266
Prepaid expenses	9,638	-
Total current assets	<u>365,256</u>	<u>360,813</u>
PROPERTY AND EQUIPMENT		
Vehicles	1,317,066	1,557,516
Computer, software and equipment	152,588	215,248
Leasehold improvements	20,705	20,705
Total property and equipment	1,490,359	1,793,469
Less: accumulated depreciation	(951,577)	(1,285,011)
Property and equipment, net	<u>538,782</u>	<u>508,458</u>
OTHER ASSETS		
Deposits	-	1,000
TOTAL ASSETS	<u>\$ 904,038</u>	<u>\$ 870,271</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Line of credit	\$ 57,504	\$ -
Current portion of long-term debt	24,539	22,942
Accounts payable	210,980	123,769
Accrued expenses	241,223	160,333
Total current liabilities	<u>534,246</u>	<u>307,044</u>
LONG TERM LIABILITIES		
Long-term debt, net of current portion	159,741	184,304
TOTAL LIABILITIES	<u>693,987</u>	<u>491,348</u>
NET ASSETS		
Unrestricted	(343,166)	(147,665)
Temporarily restricted	553,217	526,588
Total net assets	<u>210,051</u>	<u>378,923</u>
TOTAL LIABILITIES and NET ASSETS	<u>\$ 904,038</u>	<u>\$ 870,271</u>



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

SCM COMMUNITY TRANSPORTATION CORPORATION

STATEMENTS OF ACTIVITIES

For years ended June 30,

	2011			2010		
	<u>Unrestricted Operating</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted Operating</u>	<u>Temporarily Restricted</u>	<u>Total</u>
OPERATING REVENUE						
Program fees - transportation	\$ 1,755,373	\$ -	\$ 1,755,373	\$ 1,782,315	\$ -	\$ 1,782,315
Contributions and other income:						
Grant revenue	-	128,566	128,566	-	128,750	128,750
Contributions	109,421	3,379	112,800	96,760	6,440	103,200
Fundraising events	63,681	-	63,681	68,112	-	68,112
Investment income	75	-	75	185	-	185
Net assets released from temporary restriction	269,671	(269,671)	-	279,159	(279,159)	-
Advertising revenue	35,000	-	35,000	35,000	-	35,000
Total contributions and other income	<u>477,848</u>	<u>(137,726)</u>	<u>340,122</u>	<u>479,216</u>	<u>(143,969)</u>	<u>335,247</u>
Total revenue and support	<u>2,233,221</u>	<u>(137,726)</u>	<u>2,095,495</u>	<u>2,261,531</u>	<u>(143,969)</u>	<u>2,117,562</u>
OPERATING EXPENSES						
Program services	1,890,906	-	1,890,906	1,672,028	-	1,672,028
Management and general	328,191	-	328,191	416,078	-	416,078
Fundraising	33,852	-	33,852	34,802	-	34,802
Total operating expenses	<u>2,252,949</u>	<u>-</u>	<u>2,252,949</u>	<u>2,122,908</u>	<u>-</u>	<u>2,122,908</u>
Net operating income - before depreciation and (depletions) additions to capital assets	<u>(19,728)</u>	<u>(137,726)</u>	<u>(157,454)</u>	<u>138,623</u>	<u>(143,969)</u>	<u>(5,346)</u>
DEPRECIATION - OTHER ASSETS	<u>(6,922)</u>	<u>-</u>	<u>(6,922)</u>	<u>(4,566)</u>	<u>-</u>	<u>(4,566)</u>
(DEPLETIONS) ADDITIONS TO CAPITAL ASSETS						
Vehicle grants	-	164,355	164,355	-	214,461	214,461
Depreciation expense-vehicles	(160,850)	-	(160,850)	(142,143)	-	(142,143)
(Loss) gain on sale of vehicles	(8,001)	-	(8,001)	22,001	-	22,001
Total (depletions) additions to capital assets	<u>(168,851)</u>	<u>164,355</u>	<u>(4,496)</u>	<u>(120,142)</u>	<u>214,461</u>	<u>94,319</u>
(DECREASE) INCREASE IN NET ASSETS	<u>(195,501)</u>	<u>26,629</u>	<u>(168,872)</u>	<u>13,915</u>	<u>70,492</u>	<u>84,407</u>
NET ASSETS, beginning of year	<u>(147,665)</u>	<u>526,588</u>	<u>378,923</u>	<u>(161,580)</u>	<u>456,096</u>	<u>294,516</u>
NET ASSETS, end of year	<u>\$ (343,166)</u>	<u>\$ 553,217</u>	<u>\$ 210,051</u>	<u>\$ (147,665)</u>	<u>\$ 526,588</u>	<u>\$ 378,923</u>

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

SCM COMMUNITY TRANSPORTATION CORPORATION

STATEMENTS OF CASH FLOWS

For years ended June 30,

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Decrease) increase in net assets	\$ (168,872)	\$ 84,407
Adjustments to reconcile (decrease) increase in net assets to net cash flows provided (used) by operating activities:		
Depreciation	167,772	146,709
Loss (gain) on sale of vehicles	8,001	(22,001)
Grants for acquisition of vehicles	(164,355)	(214,461)
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(9,465)	41,590
(Increase) decrease in prepaid expenses	(9,638)	6,393
Decrease in deposits	1,000	2,672
Increase (decrease) in accounts payable	40,322	(36,506)
Increase in accrued expenses	80,890	33,171
	<hr/>	<hr/>
NET CASH FLOWS (USED) PROVIDED BY OPERATING ACTIVITIES	<hr/> (54,345)	<hr/> 41,974
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of vehicles	-	(61,542)
Purchase of equipment	(3,559)	(2,640)
Proceeds from disposals of vehicles	8,706	22,001
	<hr/>	<hr/>
NET CASH FLOWS (USED) PROVIDED BY INVESTING ACTIVITIES	<hr/> 5,147	<hr/> (42,181)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of long-term debt	(22,966)	-
Proceeds from long-term debt	-	19,128
Advances from (repayments to) line of credit, net	57,504	(36,690)
	<hr/>	<hr/>
NET CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES	<hr/> 34,538	<hr/> (17,562)
NET DECREASE IN CASH	<hr/> (14,660)	<hr/> (17,769)
CASH BALANCE, beginning of year	<hr/> 99,547	<hr/> 117,316
CASH BALANCE, end of year	<hr/> \$ 84,887	<hr/> \$ 99,547
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest expense	\$ 16,969	\$ 15,683
Income taxes	<hr/> \$ -	<hr/> \$ -
Non-cash financing of vehicles purchased	<hr/> \$ 46,889	<hr/> \$ -
Net book value of vehicle traded in kind	<hr/> \$ 211,244	<hr/> \$ -

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



SCM COMMUNITY TRANSPORTATION CORPORATION

STATEMENTS OF FUNCTIONAL EXPENSES

For years ended June 30,

	2011				2010			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes and fringe benefits	\$ 1,177,338	\$ 182,288	\$ -	\$ 1,359,626	\$ 1,109,291	\$ 179,568	\$ -	\$ 1,288,859
Vehicle expense	521,767	-	-	521,767	475,284	-	-	475,284
Professional services and consultants	87,704	80,301	-	168,005	14,525	129,946	-	144,471
Other operating	41,986	34,667	-	76,653	19,877	50,053	-	69,930
Office	4,131	20,378	33,852	58,361	-	42,382	34,802	77,184
Occupancy	38,529	1,463	-	39,992	33,651	4,878	-	38,529
Interest	14,763	2,206	-	16,969	13,644	2,039	-	15,683
Training and recruitment	4,688	2,967	-	7,655	5,756	631	-	6,387
Bad debt	-	3,546	-	3,546	-	5,041	-	5,041
Charitable contributions	-	375	-	375	-	385	-	385
Advertising	-	-	-	-	-	1,155	-	1,155
Total expenses before depreciation	1,890,906	328,191	33,852	2,252,949	1,672,028	416,078	34,802	2,122,908
Depreciation - vehicles	160,850	-	-	160,850	142,143	-	-	142,143
Depreciation - other	2,264	4,658	-	6,922	2,000	2,566	-	4,566
Total functional expenses	\$ 2,054,020	\$ 332,849	\$ 33,852	\$ 2,420,721	\$ 1,816,171	\$ 418,644	\$ 34,802	\$ 2,269,617

The accompanying notes are an integral part of the financial statements

SCM COMMUNITY TRANSPORTATION CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE A - ORGANIZATION

SCM Community Transportation Corporation (the "Organization") is committed to meeting the transportation needs of senior citizens and persons with disabilities. The Organization currently provides rides for medical appointments, grocery shopping, adult daycare, meal sites and social occasions. The availability of the Organization's services, providing the link between home and the community, allows individuals to remain independent and allows them to remain living in their homes. The majority of the Organization's services are provided to residents from several cities in the Greater Boston area.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Accounting**

The Organization's net assets (excess of assets over liabilities) and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The statement of financial position presents two classes of net assets (unrestricted net assets and temporarily restricted net assets) based upon the existence or absence of imposed restrictions.

Unrestricted Net Assets

Unrestricted net assets are not subject to donor imposed restrictions and consist of assets and contributions available for the support of operations.

Temporarily Restricted Net Assets

Temporarily restricted net assets are subject to donor-imposed stipulations that are expected to be met, either by actions of the Organization and/or passage of time. 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 temporary restrictions. Restricted contributions and investment income whose restrictions are met in the same reporting period are recorded as temporarily restricted income and as net assets released from temporary restrictions.

Effective July 1, 2009, the Organization modified its accounting policy to release temporarily restricted net assets to unrestricted net assets for vehicle grants to reflect the depreciation expense for the vehicles. The change was made to more closely reflect the time and usage restrictions placed on the vehicles.



SCM COMMUNITY TRANSPORTATION CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011 and 2010

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

1. **Basis of Accounting - Continued**

Temporarily Restricted Net Assets - Continued

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

2. **Cash and Cash Equivalents**

The Organization maintains cash in interest-bearing bank accounts, which are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) through December 31, 2013. Cash in interest-bearing bank accounts may exceed FDIC insurance limits from time-to-time during the year in the ordinary course of business, which Management does not believe exposes the Organization to significant risk of loss. As of June 30, 2011, the Organization did not have cash in interest-bearing accounts in excess of FDIC. The Company also maintains cash in non-interest-bearing bank accounts, which are insured by the FDIC in full through December 31, 2012.

3. **Property and Equipment**

The Organization records property and equipment at cost or estimated value at date of acquisition. Depreciation is provided for amounts sufficient to relate the cost of depreciable assets to operations over the estimated service lives of such assets. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The Organization computes depreciation on a straight-line basis over various periods, based on the estimated useful life of the related property to operations, which range as follows:

Vehicles	5-7 years
Computer equipment	3-5 years
Leasehold improvements	3-5 years



SCM COMMUNITY TRANSPORTATION CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011 and 2010

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Revenue Recognition

The Organization earns revenue as follows:

Program Fees

The majority of transportation revenue is derived from services provided to various municipalities and not-for-profit organizations. The Organization enters into fee for service contracts with these municipalities and organizations and bills the majority of these municipalities and organizations on a per ride basis with the other organizations paying on a fixed fee per month basis. The Organization recognizes transportation revenue as rides are provided.

Grants and Other Contributions

The Organization receives grants and other contributions in support of its programs, and complies with Accounting Standards Codification "Accounting for Contributions Made" (ASC topic 958), issued by the Financial Accounting Standards Board.

Under these standards, contributions made without donor imposed conditions are recognized as revenues when they are received or unconditionally pledged. In cases where the donor imposes conditions on a transfer of assets or a promise to give; where a specific future and uncertain event's occurrence or failure to occur gives the donee the right of return of the assets transferred or releases them from their obligation to transfer assets. These contributions are recorded as revenue as the costs related to the services provided are incurred.

Contributions are recorded upon receipt or pledge as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets that are received and expended in the same year are recorded as unrestricted contributions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the years ended June 30, 2011 and 2010, the Organization derived the majority of its revenue from various city and town elder service organizations. All revenue is recorded at the estimated net realizable amounts.



SCM COMMUNITY TRANSPORTATION CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011 and 2010

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Income Taxes

The Organization is registered with the Internal Revenue Service as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization files federal Form 990 and Massachusetts Form PC. Under certain circumstances, the Organization could be liable for tax under I.R.C. Section 512, Unrelated Business Taxable Income. During, and for the years ended June 30, 2011 and 2010, respectively, no such circumstances occurred. As a result, no income tax payment was made nor required for the year then ended.

Effective July, 1 2009, the provisions of U.S. generally accepted accounting principles require that a tax position be recognized or derecognized based on a more-likely-than-not threshold. This applies to tax positions taken or expected to be taken in a tax return. The implementation of these provisions had no impact on the Organization's financial statements. The Organization does not believe its financial statements include any uncertain tax positions.

All tax years prior to 2008 are closed via the passing of the Statute of Limitations. No notices have been received from either the Internal Revenue Service or Commonwealth of Massachusetts addressing any subsequent year.

6. Accounts Receivable

The Organization carries its accounts receivables at an amount equal to uncollected but earned revenue less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. As of June 30, 2011 and 2010 the allowance for doubtful accounts amounted to \$5,400 and \$9,000, respectively.

The Organization does not have a policy to accrue interest on accounts receivable. Contract receivables are written off after collection efforts have failed. The Organization has no policies requiring collateral or other security to secure the accounts receivable. Substantially all of the Organization's receivables are due from cities, towns, and other not-for-profit agencies in Massachusetts.



SCM COMMUNITY TRANSPORTATION CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011 and 2010

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

7. **Estimates**

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

8. **Financial Instruments and Concentrations of Credit Risk**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of periodic temporary investments of excess cash and trade receivables. The Organization places its temporary excess cash in short-term money market instruments through financial institutions. At times, such cash may be in excess of the FDIC insurance limit.

9. **Long-Lived Assets**

The standard "*Accounting for the Impairment of Long-Lived Assets to be Disposed Of*" (ASC topic 320) requires that long-lived assets and certain identifiable intangibles to be held and used or disposed of by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. During the years ended June 30, 2011 and 2010, the Organization determined that no impairment loss need be recognized.

10. **Advertising**

The Organization expenses advertising costs when they are incurred. There was no advertising expense for the year ended June 30, 2011. Advertising expense was \$1,155 for the year ended June 30, 2010.

11. **Fundraising**

Fundraising relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total contribution revenue was 19% and 20% for the years ended June 30, 2011 and 2010, respectively. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.



SCM COMMUNITY TRANSPORTATION CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011 and 2010

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Functional Allocation of Expenses

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. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Payroll and associated costs are allocated to functions based upon time studies. Occupancy costs are allocated based upon associated full time equivalents salaries.

13. Donated Services

Contributed services are provided by individuals possessing specialized skills and relate to pro-bono legal services and information technology services provided for management. Contributed services are recorded at estimated fair value on date of receipt.

14. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2011 and 2010, donor restrictions limit the use of resources to the particular purposes listed below:

<u>Type of Restriction</u>	<u>2011</u>	<u>2010</u>
Part-time financial manager	\$ 19,159	\$ 19,159
Vehicle usage	508,116	504,937
Strategic planning	-	2,492
Street Plan Collaborative	2,723	-
Door 2 Door to the Arts	4,894	-
Jobs Access Reverse Commute	18,325	-
	<u>\$ 553,217</u>	<u>\$ 526,588</u>

15. Fair Value of Financial Instruments

The Organization's financial instruments, none of which are held for trading purposes, include cash and cash equivalents and accounts receivable. The Organization estimates that the fair value of all financial instruments at June 30, 2011 and 2010 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying financial statements.



SCM COMMUNITY TRANSPORTATION CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011 and 2010

NOTE C - PROPERTY AND EQUIPMENT

Included in property and equipment are mini-buses and vans of which a substantial portion was funded by the Federal Transit Administration passed through the Commonwealth's Executive Office of Transportation and Construction (EOTC). Approximately 80% of these purchases are funded by the EOTC and 20% by the Organization. The EOTC maintains a lien on the vehicles until the earlier of one of the two following benchmarks are met: (a) for mini-buses - either seven years of service or 150,000 miles driven or (b) for vans - either five years of service or 100,000 miles driven.

EOTC maintains reversionary interest in vehicles with net book value of \$525,940 and \$693,891 as of June 30, 2011 and June 30, 2010, respectively. Depreciation on these vehicles for the years ended June 30, 2011 and 2010 is \$146,065 and \$148,143, respectively. Future expirations of this interest will expire through fiscal years ending 2018.

NOTE D - EMPLOYEE BENEFITS

Defined Contribution Plan

The Organization has a defined contribution retirement plan that qualifies as a tax-sheltered account under Section 403(b)(7) of the Internal Revenue Code for the benefit of eligible employees. Employees whose customary employment is at least 20 hours per week are eligible to participate in this plan after three months of employment. Under the plan, benefit eligible employees can invest pre-tax dollars. The employees are not taxed on contributions or earnings until they receive distributions from the account.

Cafeteria Plan

The Organization has a plan that qualifies as a "Cafeteria Plan" under Section 125 of the Internal Revenue Code. The plan allows the Organization's employees to pay for medical and dental insurance and daycare on a pre-tax basis. All employees employed for at least three months and whose customary employment is at least 20 hours per week are eligible to participate in the plan.



SCM COMMUNITY TRANSPORTATION CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011 and 2010

NOTE E - RELATED PARTY

A board member of the Organization, is the Executive Director of Somerville Council on Aging (the "Council"), an institutional user of the Organization's program services. The Organization has a transportation contract with the Council. For the years ended June 30, 2011 and 2010, the Organization earned revenues of \$8,853 and \$4,723, respectively. As of June 30, 2011 and 2010, the accounts receivable balance was \$1,216 and \$1,042, respectively, from the Council.

NOTE F - LINE OF CREDIT

The Organization has available a demand line of credit with CPCU Credit Union of \$100,000 to be drawn as needed. Interest is payable monthly at the bank's prime rate; 3.25% as of June 30, 2011. The line is secured by the Organization's general business assets. The outstanding balance as of June 30, 2011 was \$57,504. There was no outstanding balance as of June 30, 2010.

NOTE G - NOTES PAYABLE

The Organization has an agreement with CPCU Credit Union for an original loan amount of \$223,466, which bears an interest rate of 6.75% and a maturity date of September 2, 2017. This note consolidated and closed all of their outstanding notes with Century Bank. The note is due in monthly payments of \$3,019 and is secured by the Organization's general business assets. As of June 30, 2011 and 2010, the principal balance due was \$184,280 and \$207,246, respectively.

Principal payments due on the long-term obligations for each of the five years subsequent to June 30, 2011 are as follows:

2012	\$ 24,539
2013	26,248
2014	28,075
2015	30,030
2016	32,121
Thereafter	<u>43,267</u>
Total	<u>\$ 184,280</u>



SCM COMMUNITY TRANSPORTATION CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011 and 2010

NOTE H - RECLASSIFICATION

Certain prior year amounts have been reclassified to conform to the current year's presentation with no impact on the statement of activities.

NOTE I - LEASE COMMITMENT AND SUBSEQUENT EVENTS

The Organization occupied office space at Tufts University on a tenant-at-will basis during the years ended June 30, 2011 and 2010. As of June 30, 2011 and 2010, the Organization owed Tufts University \$93,120 and \$57,795, respectively, for delinquent rental payments. Total rent expense for each of the years ended June 30, 2011 and 2010 was \$38,529.

On February 2, 2012, the Organization signed a new agreement with Tufts University for the rental of office space in Somerville, Massachusetts. The new agreement is on a tenant-at-will basis commencing on July 1, 2011 and requires a monthly use and occupancy fee of \$1,704. The fee will be adjusted annually by the Consumer Price Index. As part of the new agreement, the Organization agreed to pay the past due obligation of \$93,120 within thirty-six months of signing the agreement. Tufts University has agreed to make an in-kind contribution of the office space to the extent it receives payment from the Organization, which will be credited towards the past due obligation as payments are received from the Organization. The result of the agreement is a potential in-kind contribution of \$46,560 from Tufts University if the Organization remits payment for \$46,560 within thirty-six months of February 2, 2012.

The organization occupied a storage space on a tenant at will basis during the year ended June 30, 2011. The total rent expense related to the storage space for the year ended June 30, 2011 was \$1,463.

NOTE J - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 27, 2012, which is the date the financial statements were available to be issued. There are no recognized subsequent events that provide additional evidence about conditions that existed at the statement of financial position date, or non-recognized subsequent events, or events that provide evidence about conditions that did not exist at the statement of financial position date, which are necessary to disclose to keep the financial statements from being misleading.

