

**DETROIT EXECUTIVE
SERVICE CORPS**

FINANCIAL STATEMENTS

DECEMBER 31, 2008

BOISVENU & COMPANY, P.C.
Certified Public Accountants
Bingham Farms, Michigan

DETROIT EXECUTIVE SERVICE CORPS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Detroit Executive Service Corps

We have audited the accompanying statement of financial position of Detroit Executive Service Corps (a nonprofit organization) as of December 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year 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. The prior year summarized comparative information has been derived from the Organization's December 31, 2007 financial statements and, in our report dated May 22, 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Detroit Executive Service Corps as of December 31, 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.

Boisvenu & Company, P.C.

April 17, 2009

DETROIT EXECUTIVE SERVICE CORPS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2008, WITH COMPARATIVE TOTALS FOR 2007

	Unrestricted	Temporarily Restricted	Total 2008	Total 2007
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 316,999	\$ 64,908	\$ 381,907	\$ 347,301
Accounts receivable	3,650	-	3,650	9,057
Prepaid expenses	3,087	-	3,087	1,931
Total Current Assets	<u>323,736</u>	<u>64,908</u>	<u>388,644</u>	<u>358,289</u>
Non-current Assets				
Furniture and equipment - net	<u>4,818</u>	<u>-</u>	<u>4,818</u>	<u>6,807</u>
TOTAL ASSETS	<u>\$ 328,554</u>	<u>\$ 64,908</u>	<u>\$ 393,462</u>	<u>\$ 365,096</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 1,980	\$ -	\$ 1,980	\$ -
Accrued expenses	<u>11,510</u>	<u>-</u>	<u>11,510</u>	<u>8,524</u>
Total Liabilities	<u>13,490</u>	<u>-</u>	<u>13,490</u>	<u>8,524</u>
Net Assets				
Unrestricted				
Undesignated	265,595	-	265,595	218,277
Board designated for investment	49,469	-	49,469	44,147
Temporarily restricted	<u>-</u>	<u>64,908</u>	<u>64,908</u>	<u>94,148</u>
Total Net Assets	<u>315,064</u>	<u>64,908</u>	<u>379,972</u>	<u>356,572</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 328,554</u>	<u>\$ 64,908</u>	<u>\$ 393,462</u>	<u>\$ 365,096</u>

See accompanying notes to financial statements.

DETROIT EXECUTIVE SERVICE CORPS

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2008, WITH COMPARATIVE TOTALS FOR 2007

	Unrestricted	Temporarily Restricted	Total 2008	Total 2007
REVENUE AND SUPPORT				
Contributions	\$ 653,334	\$ 24,000	\$ 677,334	\$ 885,417
Foundation grants	11,000	153,000	164,000	134,528
Client service fees	55,254	-	55,254	61,676
Investment return	9,260	-	9,260	12,706
	<u>728,848</u>	<u>177,000</u>	<u>905,848</u>	<u>1,094,327</u>
Net assets released from restrictions	<u>206,240</u>	<u>(206,240)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>935,088</u>	<u>(29,240)</u>	<u>905,848</u>	<u>1,094,327</u>
EXPENSES				
Program services	778,219	-	778,219	1,022,329
Management and general	48,630	-	48,630	38,221
Fund raising	55,599	-	55,599	52,984
TOTAL EXPENSES	<u>882,448</u>	<u>-</u>	<u>882,448</u>	<u>1,113,534</u>
CHANGE IN NET ASSETS	52,640	(29,240)	23,400	(19,207)
NET ASSETS, beginning of year	<u>262,424</u>	<u>94,148</u>	<u>356,572</u>	<u>375,779</u>
NET ASSETS, end of year	<u>\$ 315,064</u>	<u>\$ 64,908</u>	<u>\$ 379,972</u>	<u>\$ 356,572</u>

See accompanying notes to financial statements.

DETROIT EXECUTIVE SERVICE CORPS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2008, WITH COMPARATIVE TOTALS FOR 2007

	Program	Management	Fund	Total	
	Services	and General	Raising	2008	2007
Salaries and wages	\$ 128,729	\$ 23,636	\$ 38,091	\$ 190,456	\$ 161,831
Payroll taxes	10,045	1,844	2,973	14,862	12,973
Employee benefits	14,645	2,689	4,333	21,667	17,624
Outside services	2,368	12,685	-	15,053	18,134
Occupancy	19,724	3,963	5,199	28,886	28,968
Communication	3,642	732	960	5,334	9,232
Equipment repair and maintenance	2,778	558	733	4,069	6,266
Office supplies and expenses	2,293	461	605	3,359	3,884
Postage and printing	3,519	707	928	5,154	5,184
Volunteer services	4,441	892	1,171	6,504	5,484
Program activities	59,034	-	-	59,034	105,856
Membership and dues	253	51	66	370	550
In-kind donations	<u>524,700</u>	<u>-</u>	<u>-</u>	<u>524,700</u>	<u>734,460</u>
Total Functional Expenses					
Before Depreciation	776,171	48,218	55,059	879,448	1,110,446
Depreciation	<u>2,048</u>	<u>412</u>	<u>540</u>	<u>3,000</u>	<u>3,088</u>
Total Functional Expenses	<u>\$ 778,219</u>	<u>\$ 48,630</u>	<u>\$ 55,599</u>	<u>\$ 882,448</u>	<u>\$ 1,113,534</u>

See accompanying notes to financial statements.

DETROIT EXECUTIVE SERVICE CORPS

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2008, WITH COMPARATIVE TOTALS FOR 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 23,400	\$ (19,207)
Adjustments to reconcile change in net assets to net cash provided by provided by operating activities		
Depreciation	3,000	3,088
(Increase) decrease in operating assets		
Accounts receivable	5,407	25,943
Prepaid expenses	(1,156)	(61)
Increase (decrease) in operating liabilities		
Accounts payable	1,980	-
Accrued expenses	<u>2,986</u>	<u>(2,079)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>35,617</u>	<u>7,684</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(1,011)</u>	<u>(4,796)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,011)</u>	<u>(4,796)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,606	2,888
CASH AND CASH EQUIVALENTS, beginning of year	<u>347,301</u>	<u>344,413</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 381,907</u>	<u>\$ 347,301</u>

See accompanying notes to financial statements.

DETROIT EXECUTIVE SERVICE CORPS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Detroit Executive Service Corps (the Organization) was incorporated on June 22, 1982, and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization that is not a private foundation.

The Organization's program and supporting services are as follows:

Program Services

The Organization was established to provide managerial consulting services to nonprofit agencies in Southeastern Michigan. Volunteers provide consulting services in areas such as strategic planning, finance and accounting, marketing, personnel, public relations, computer services, and organizational administration.

Management and General

This includes the functions necessary to maintain an adequate working environment, provide proper administrative support of the Organization's programs and manage the financial and budgeting responsibilities of the Organization.

Fund Raising

This provides the structure necessary to encourage and secure support from individuals, business entities, foundations and government agencies.

Basis of Presentation

The Organization's 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.

Unrestricted Net Assets – net assets that are not subject to “donor-imposed” time or purpose restrictions.

DETROIT EXECUTIVE SERVICE CORPS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Temporarily Restricted Net Assets – net assets subject to “donor-imposed” restrictions that may be or will be met by actions of the Organization and/or the passage of time. Restrictions that expire with the passage of time or can be removed by accomplishing certain requirements are classified as temporarily restricted net assets.

Permanently Restricted Net Assets – net assets subject to “donor-imposed” restrictions that they be maintained in perpetuity. Restrictions that require an asset be invested and only allow the income to be used are classified as permanently restricted net assets. The Organization has no permanently restricted net assets at December 31, 2008.

Use of Estimates

The preparation 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 reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments with maturities of three months or less when purchased are considered cash equivalents and recorded at cost, which approximates fair value.

Accounts Receivable

The Organization considers accounts receivable to be fully collectible at December 31, 2008, accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

DETROIT EXECUTIVE SERVICE CORPS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Furniture and Equipment

Furniture and equipment is carried at cost or, if donated, at fair market value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful lives of three to ten years. The Organization's policy is to capitalize acquisitions of \$500 or more. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

The Organization 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 restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the contribution and use of purpose restricted donation occurs in the same period, then the support will be recorded as temporarily restricted and reclassified.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of donated services that 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 are recorded at their fair values in the period received.

Functional Classification of Expenses

Direct expenses, which can be clearly defined as incurred for a specific program, are charged to that program. The Organization allocates common expenses to program and supporting services based on the percentage of relative staff time and effort.

DETROIT EXECUTIVE SERVICE CORPS

NOTES TO FINANCIAL STATEMENTS

2. FURNITURE AND EQUIPMENT

At December 31, 2008, furniture and equipment consist of the following:

	Beginning Balance	Additions	Dispositions	Ending Balance
Furniture	\$ 7,197	\$ -	\$ -	\$ 7,197
Equipment	14,644	1,011	-	15,655
	\$ 21,841	\$ 1,011	\$ -	22,852
Less accumulated depreciation				18,034
				\$ 4,818

3. CONCENTRATIONS

Approximately 50% of the Organization's support, excluding in-kind donations, was provided by three foundations based in Southeastern Michigan.

4. LEASE COMMITMENTS

Operating Leases

The Organization leases office space under an agreement expiring November 2009.

The Organization also leases office equipment with expirations through January 2011.

DETROIT EXECUTIVE SERVICE CORPS

NOTES TO FINANCIAL STATEMENTS

4. LEASE COMMITMENTS (continued)

Future minimum lease payments are as follows for the years ending December 31:

	Office	Equipment
2009	\$ 19,800	\$ 2,911
2010	-	2,361
2011	-	105
	\$ 19,800	\$ 5,377

Lease expense for the year ended December 31, 2008 totaled approximately \$30,600.

5. NET ASSETS – BOARD DESIGNATED

The board designated funds from unrestricted net assets to be set aside for investments. The net income from this fund is available annually to fund the operations of the Organization. Corpus may be invaded to meet the unique needs of the Organization, only upon the affirmative vote of a two-thirds majority of the directors.

6. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2008, temporarily restricted net assets consist of cash and cash equivalents and are available for the following:

Purpose restriction	
Student Roundtable Dialogues and Field Trip Programs	\$ 500
New Visions for School Leaders	3,593
Strategic Merger and Alliance Resource Training (SMART)	60,815
	\$ 64,908

DETROIT EXECUTIVE SERVICE CORPS

NOTES TO FINANCIAL STATEMENTS

7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year are as follows:

Purpose restriction accomplished	
Management Assistance Program	\$ 40,000
Student Roundtable Dialogues and Field Trip Programs	500
Leaders Circles Program	24,790
New Visions for School Leaders	17,056
Solutions Program	30,000
Strategic Merger and Alliance Resource Training (SMART)	<u>93,894</u>
	<u>\$ 206,240</u>

8. DONATED SERVICES

During the year, volunteers provided managerial consulting services. For the year ended December 31, 2008, contributed services received and recognized as contributions totaled \$524,700 with an offsetting charge to program services.

9. CONCENTRATIONS OF CASH BALANCES

The Organization maintains its cash balances in one financial institution in southeastern Michigan. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) and on October 3, 2008, the FDIC temporarily increased the insured amount from \$100,000 to \$250,000.

The money market funds totaling \$357,497 are insured by the U.S. Treasury Department Temporary Guarantee Program for Money Market Funds through September 18, 2009.

DETROIT EXECUTIVE SERVICE CORPS

NOTES TO FINANCIAL STATEMENTS

10. RETIREMENT PLAN

The Organization has a Simplified Employee Pension Plan. Annual contributions are determined by the Organization. The contributions are not to exceed 3 percent of an eligible employee's salary. Contributions made during the year were approximately \$3,800.

11. 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2007, from which the summarized information was derived.