

CENTER FOR AUTO SAFETY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2008 AND 2007

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Chaconas & Wilson, P.C.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Center for Auto Safety
Washington, DC

We have audited the accompanying statements of financial position of the Center for Auto Safety as of June 30, 2008 and 2007, 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. Those standards require that we plan and perform the audits 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, financial statements referred to above present fairly, in all material respects, the financial position of the Center for Auto Safety as of June 30, 2008 and 2007 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.

Chaconas & Wilson, P.C.

October 22, 2008

CENTER FOR AUTO SAFETY

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Contributions (Note 2)	\$ 403,692	\$ 335,500	\$ 739,192
Publications/library	28,094	-	28,094
Net investment gain (loss) (Note 5)	(53,084)	-	(53,084)
Net assets released from restriction: satisfaction of program accomplishment	161,941	(161,941)	-
Total Support and Revenue	\$ 540,643	\$ 173,559	\$ 714,202
EXPENSES:			
Program services:			
Vehicle Safety Project	\$ 343,413	\$ -	\$ 343,413
Membership Services	89,923	-	89,923
Publications	25,396	-	25,396
Energy Conservation Project	28,085	-	28,085
Total Program Services	\$ 486,817	\$ -	\$ 486,817
Supporting services:			
Management and general Development	\$ 32,785	\$ -	\$ 32,785
	45,230	-	45,230
Total Supporting Services	\$ 78,015	\$ -	\$ 78,015
Total Expenses	\$ 564,832	\$ -	\$ 564,832
CHANGE IN NET ASSETS	\$ (24,189)	\$ 173,559	\$ 149,370
NET ASSETS, BEGINNING OF YEAR	554,771	43,384	598,155
NET ASSETS, END OF YEAR	\$ 530,582	\$ 216,943	\$ 747,525

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

CENTER FOR AUTO SAFETY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2008

	Programs				Supportin		
	Vehicle Safety Project	Membership Services	Publications	Energy Conservation Project	Total Program Services	Management and General	Devel
Salaries	\$ 69,443	\$ 12,776	\$ 7,214	\$ 11,513	\$ 100,946	\$ 11,673	\$
Payroll taxes	5,955	2,977	916	802	10,650	458	
Employee benefits	29,227	10,217	3,912	2,704	46,060	2,025	
Total personnel and related expenses	\$ 104,625	\$ 25,970	\$ 12,042	\$ 15,019	\$ 157,656	\$ 14,156	\$
Accounting	-	-	-	-	-	8,862	
Bank fees	-	272	15	-	287	4,033	
Computer services	8,542	3,100	2,000	2,733	16,375	400	
Equipment rental and maintenance	1,144	572	182	160	2,058	95	
Insurance	1,197	607	187	164	2,155	89	
Interest	-	-	-	-	-	117	
Occupancy	59,386	29,540	9,089	7,953	105,968	4,545	
Printing and publications	14,797	5,033	802	95	20,727	57	
Postage and mailing	12,848	20,813	83	73	33,817	43	2
Professional and temporary services	133,618	1,324	-	-	134,942	-	
Supplies and office expense	2,584	743	381	302	4,010	70	
Telephone	2,761	1,362	435	383	4,941	228	
Travel	738	-	-	1,045	1,783	-	
Total expenses before depreciation	\$ 342,240	\$ 89,336	\$ 25,216	\$ 27,927	\$ 484,719	\$ 32,695	\$ 4
Depreciation	1,173	587	180	158	2,098	90	
Total expenses	\$ 343,413	\$ 89,923	\$ 25,396	\$ 28,085	\$ 486,817	\$ 32,785	\$ 4

The accompanying notes are an integral part of this financial statement

CENTER FOR AUTO SAFETY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 149,370	\$ 47,444
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,256	2,361
Unrealized (gain) loss on investments	96,669	(42,956)
Realized gain on investments	-	(26,610)
(Increase) decrease in assets:		
Accounts receivable	4,790	(15,103)
Unconditional promises to give	(125,048)	20,438
Prepaid expenses	(3)	483
Increase (decrease) in liabilities:		
Accounts payable	(579)	(6,090)
Accrued payroll	(7,417)	1,486
	<u>\$ 120,038</u>	<u>\$ (18,547)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	\$ (2,319)	\$ -
Maturities of investments	124,987	217,230
Purchase of investments	(161,883)	-
	<u>\$ (39,215)</u>	<u>\$ 217,230</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on loans	\$ (3,083)	\$ (201,300)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 77,740	\$ (2,617)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,909</u>	<u>5,526</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 80,649</u>	<u>\$ 2,909</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 117</u>	<u>\$ 7,412</u>

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

CENTER FOR AUTO SAFETY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008 and 2007

Note 2. **Summary of Significant Accounting Policies: (Continued)**

Investments

Investments are recorded at estimated fair values based on quoted market prices provided by the investment managers. Realized and unrealized gains and losses are included with investment income in the statements of activities as increases or decreases in unrestricted net assets unless restricted by donor or by law.

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is calculated on a straight line basis over a three year or five year estimated useful life. CAS capitalizes property and equipment purchases of \$500 or more.

Classes of Net Assets

CAS is required to report 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 are contributions without a donor imposed time and/or program restriction. The funds are available for general operating purposes.

Temporarily restricted net assets are contributions with donor-imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the accompanying statements of activities as net assets released from restrictions. This method of accounting is also followed when the restrictions on contributions are met in the same period that the contributions are received.

Permanently restricted net assets must be maintained by CAS in perpetuity. There were no permanently restricted net assets as of June 30, 2008 or 2007.

Functional Allocation of Expenses

The allocation of the costs of providing various programs has been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain indirect costs have been allocated to program and supporting activities based on management's estimate of effort devoted to these activities.

CENTER FOR AUTO SAFETY

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

JUNE 30, 2008 AND 2007

Note 7. Pension Plan:

CAS maintains a defined contribution Simplified Employee Pension Plan (SEP) covering all employees who have been employed for a minimum of three years and have attained the age of 21. The SEP is an employer contribution plan and requires no matching contribution from the participants. Contributions by CAS to the Plan during the years ended June 30, 2008 and 2007 were \$13,307 and \$12,187, respectively. These amounts are included in "employee benefits" on the accompanying statements of functional expenses.

Note 8. Operating Lease:

CAS leases office space under a ten year lease agreement that expires May 31, 2015. The lease contains provisions for annual rental increases (base upon the cost-of living index), operating expenses and real estate taxes of the landlord. The future minimum lease payments required under this lease for the years ending June 30 are:

2009	\$	104,438
2010		107,455
2011		114,568
2012		117,425
2013		120,370
Thereafter		239,071
Total		<u>\$ 803,327</u>

Rent expense was \$113,921 and \$106,040 for the years ended June 30, 2008 and 2007, respectively.

Note 9. Temporarily Restricted Net Assets:

Temporarily restricted net assets as of June 30, 2008 and 2007 were available for the following purposes:

	2008	2007
Vehicle Safety	\$ 91,943	\$ 43,384
Safe Climate Campaign	125,000	---
Total	<u>\$ 216,943</u>	<u>\$ 43,384</u>