Community Health Charities of New York, Inc.

Financial Statements

June 30, 2010 and 2009

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Health Charities
of New York, Inc.

We have audited the accompanying statements of financial position of Community Health Charities of New York, Inc. (the "Organization") as of June 30, 2010 and 2009, 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 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 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 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 Community Health Charities of New York, Inc. as of June 30, 2010 and 2009, 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.

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Cusack & Company, CPA's LLC

CUSACK & COMPANY, CPA'S LLC

Latham, New York
December 9, 2010

ASSETS

	2010	2009
Current Assets		
Cash	$ 685,325	$ 791,305
Pledges Receivable, Net	1,495,400	1,632,230
Prepaid Expenses	12,917	30,762
Total Current Assets	2,193,642	2,454,297
Fixed Assets		
Equipment	43,316	43,316
Less: Accumulated Depreciation	41,454	39,066
Total Fixed Assets	1,862	4,250
Total Assets	$ 2,195,504	$ 2,458,547

LIABILITIES AND NET ASSETS

Current Liabilities		
Accrued Expenses	$ 1,187	$ 6,184
Distributions Payable	1,669,316	1,856,226
Compensated Absences	9,147	9,148
Total Current Liabilities	1,679,650	1,871,558
Net Assets		
Unrestricted	515,854	581,609
Temporarily Restricted	-	5,380
Total Net Assets	515,854	586,989
Total Liabilities and Net Assets	$ 2,195,504	$ 2,458,547

COMMUNITY HEALTH CHARITIES OF NEW YORK, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Total
Public Support and Other Revenue			
CFC National Campaign Contributions	$ -	$ 355,559	$ 355,559
CFC Local Campaign Contributions	-	156,646	156,646
SEFA Campaign Contributions	-	525,724	525,724
Public Campaign Contributions	-	220,596	220,596
Private Campaign Contributions	-	402,196	402,196
Total Campaign Contributions	-	1,660,721	1,660,721
Less: Designated Contributions	-	(1,516,506)	(1,516,506)
Total Undesignated Contributions	-	144,215	144,215
Net Assets Released from Restrictions	149,595	(149,595)	-
CHC-NY Contributions	72,418	-	72,418
Assessments	389,659	-	389,659
Interest Income	2,862	-	2,862
Total Public Support and Other Revenue	614,534	(5,380)	609,154
Distributions and Expenses			
Distributions from CFC Campaign	501,236	-	501,236
Distributions from CFC Local Campaign	146,735	-	146,735
Distributions from SEFA Campaign	566,727	-	566,727
Distributions from Public Campaign	226,154	-	226,154
Distributions from Private Campaign	319,368	-	319,368
Total Distributions	1,760,220	-	1,760,220
Less: Designated Distributions	(1,516,506)	-	(1,516,506)
Total Undesignated Distributions	243,714	-	243,714
Agency Program Services	259,496	-	259,496
Management and General	168,368	-	168,368
Promotion and Fundraising	8,711	-	8,711
Total Distributions and Expenses	680,289	-	680,289
Change in Net Assets	(65,755)	(5,380)	(71,135)
Net Assets at Beginning of Year	581,609	5,380	586,989
Net Assets at End of Year	$ 515,854	$ -	$ 515,854

See accompanying notes and independent auditor's report.

COMMUNITY HEALTH CHARITIES OF NEW YORK, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

	Unrestricted	Temporarily Restricted	Total
Public Support and Other Revenue			
CFC National Campaign Contributions	$ -	$ 307,245	$ 307,245
CFC Local Campaign Contributions	-	192,352	192,352
SEFA Campaign Contributions	-	670,116	670,116
Public Campaign Contributions	-	242,897	242,897
Private Campaign Contributions	-	325,460	325,460
Total Campaign Contributions	-	1,738,070	1,738,070
Less: Designated Contributions	-	(1,543,678)	(1,543,678)
Total Undesignated Contributions	-	194,392	194,392
Net Assets Released from Restrictions	298,285	(298,285)	-
CHC-NY Contributions	97,650	-	97,650
Assessments	435,306	-	435,306
Interest Income	6,003	-	6,003
Total Public Support and Other Revenue	837,244	(103,893)	733,351
Distributions and Expenses			
Distributions from CFC Campaign	479,351	-	479,351
Distributions from CFC Local Campaign	148,762	-	148,762
Distributions from SEFA Campaign	661,722	-	661,722
Distributions from Public Campaign	196,552	-	196,552
Distributions from Private Campaign	404,043	-	404,043
Total Distributions	1,890,430	-	1,890,430
		-	
Less: Designated Distributions	(1,543,678)	-	(1,543,678)
Total Undesignated Distributions	346,752	-	346,752
Agency Program Services	261,955	-	261,955
Management and General	173,624	-	173,624
Promotion and Fundraising	11,544	-	11,544
Total Distributions and Expenses	793,875	-	793,875
Change in Net Assets	43,369	(103,893)	(60,524)
Net Assets at Beginning of Year	538,240	109,273	647,513
Net Assets at End of Year	$ 581,609	$ 5,380	$ 586,989

	Agency Program Services	Management and General	Promotion and Fundraising	Total
Salaries, Payroll Taxes, and Benefits	$ 172,140	$ 92,691	$ -	$ 264,831
Building Occupancy	42,842	14,280	-	57,122
Telephone	4,882	1,221	-	6,103
Professional Fees	19,920	11,296	-	31,216
Supplies, Printing and Postage	3,539	1,179	-	4,718
Office Expense	-	2,400	-	2,400
Depreciation	-	2,388	-	2,388
Travel and Meetings	13,632	717	-	14,349
Insurance	-	2,383	-	2,383
Marketing	-	-	8,711	8,711
Affiliation Dues	-	38,226	-	38,226
Equipment Maintenance	2,541	847	-	3,388
Miscellaneous	-	740	-	740
	$ 259,496	$ 168,368	$ 8,711	$ 436,575

	Agency Program Services	Management and General	Promotion and Fundraising	Total
Salaries, Payroll Taxes, and Benefits	$ 184,075	$ 99,118	-	$ 283,193
Building Occupancy	45,425	15,141	-	60,566
Telephone	4,806	1,202	-	6,008
Professional Fees	4,075	10,747	-	14,822
Supplies, Printing and Postage	3,209	1,069	-	4,278
Office Expense	-	3,186	-	3,186
Depreciation	-	2,713	-	2,713
Travel and Meetings	16,741	881	-	17,622
Insurance	-	2,384	-	2,384
Marketing	-	-	11,544	11,544
Affiliation Dues	-	35,681	-	35,681
Equipment Maintenance	2,270	756	-	3,026
Miscellaneous	1,354	746	-	2,100
Total	$ 261,955	$ 173,624	$ 11,544	$ 447,123

	2010	2009
Cash Flows From Operating Activities		
Cash Raised in Campaigns	$ 2,259,628	$ 2,265,717
Cash Distributed from Campaigns	(1,947,130)	(1,779,401)
Cash Paid for Operating Expenses	(421,340)	(451,450)
Interest Income	2,862	6,003
Net Cash Provided By (Used in) Operating Activities	(105,980)	40,869
Cash Flows From Investing Activities		
Purchases of Fixed Assets	-	(1,196)
Net Increase (Decrease) in Cash	(105,980)	39,673
Cash, Beginning of Year	791,305	751,632
Cash, End of Year	$ 685,325	$ 791,305
Reconciliation of Changes in Net Assets to Net Cash Provided By Operating Activities:		
Changes in Net Assets	$ (71,135)	$ (60,524)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	2,388	2,713
(Increase) Decrease in Operating Assets:		
Pledges Receivable	136,830	(5,309)
Prepaid Expenses	17,845	(17,370)
Increase (Decrease) in Operating Liabilities:		
Accrued Expenses	(4,997)	1,182
Distribution Payable	(186,910)	111,029
Compensated Absences	(1)	9,148
Net Cash Provided By (Used in) Operating Activities	$ (105,980)	$ 40,869

1. NATURE OF OPERATIONS

The Community Health Charities of New York, Inc. is a not-for-profit health federation operating in the State of New York whose purpose and, therefore its program service, is to supply common fund-raising, administrative and management services in New York to all of its members which are not-for-profit organizations engaged in medical research, professional education, public education, patient services and community services and are involved in the following fund-raising campaigns:

- Combined Federal Campaign (CFC)
- State Employees Federated Appeal (SEFA)
- Public Campaigns
- Private Campaigns

The campaigns share the same office, employees and related expenses. The prorated expenses consist primarily of salaries and related costs, rent and telephone.

Community Health Charities of New York, Inc. is honoring designations made to each member organization in that each member organization receives its proportionate share of receipts based on the results of each individual campaign.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles in Combination

The financial statements consist of the combined financial statements of the campaigns described in Note 1. All interfund balances and transactions between campaigns have been eliminated.

Financial Statement Presentation

The classification of the Organization's net assets and its support, revenue and expenses are based on the existence or absence of donor-imposed restrictions. Not-for-profit accounting standards require that the amounts for each of three classes of net assets - permanently restricted, temporarily restricted and unrestricted - be displayed in a statement of financial position and that the amounts of each of those classes of net assets be displayed in a statement of activities.

Tax Exempt

The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

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

Generally, contributions received, including unconditional promises to give, are recognized as revenue in the period received at their fair value.

Functional Allocation of Expenses

Expenses are allocated into functional categories dependent upon the ultimate purpose of the expenditure.

Agency Program Services - activities which assist in the operations of local fund-raising campaigns, the collection and distribution of funds and communications of information relating to those special campaigns in New York.

Management and General - activities which provide direction of the overall affairs of the Corporation.

Promotion and Fundraising - activities to promote awareness of the mission of the corporation and develop new campaign participation.

Concentration of Credit Risk

The Organization maintains its cash accounts in two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. Cash balances exceeded FDIC coverage by $412,190 and $434,540 at June 30, 2010 and 2009, respectively. This balance will fluctuate based on the timing of contributions received and when distributions are paid.

Equipment

Equipment is recorded at cost when purchased and at fair value when contributed. It is the Organization's policy to capitalize expenditures for these items in excess of $500. Lesser amounts are expensed. Depreciation is recorded on the straight-line method over the estimated economic useful lives of the equipment.

When equipment is retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recorded in the statement of activities.

Expenditures from repairs and maintenance not considered to substantially lengthen property lives are charged to expense as incurred. Depreciation charged to expense was $2,388 and $2,713 for the years ended June 30, 2010 and 2009, respectively.

2. 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.

Agent Transaction Funds

The Organization holds funds of various agencies and organizations. These include funds earmarked by donors for the use by designated agencies and organizations. These agent transaction activities are accounted for in the statements of financial position as both assets and offsetting liabilities. The amounts of these funds totaled $473,641 and $583,259 at June 30, 2010 and 2009, respectively.

Cash Flows

For purposes of the statements of cash flows, the Organization uses the indirect method of reporting net cash flows from operating activities, and considers all short-term investments with an original maturity of three months or less to be cash equivalents. At June 30, 2010 and 2009, there were no cash equivalents.

Fair Value Measurement - Definition and Hierarchy

In 2010, the Organization adopted the provisions of FASB ASC 820-10, (formerly SFAS No. 157), *Fair Value Measurements*. FASB ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Organization uses various valuation techniques in determining fair value. FASB ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement - Definition and Hierarchy (Continued)

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

The Organization's cash and cash equivalents are primarily valued utilizing Level 1 inputs.

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

The Organization's pledges receivable, fixed assets, accrued expenses, and distributions payable are primarily valued utilizing Level 2 inputs.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Organization currently has no assets that are measured using Level 3 inputs.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Organization in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Accounting for Uncertainty in Income Taxes

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109, Accounting for Income Taxes ("FIN 48").* FIN 48, now referred to as FASB ASC 740-10, requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. The Organization implemented this policy in 2008 and its current accounting policy for evaluating uncertain tax positions is in accordance with generally accepted accounting principles. The Organization has not recognized any benefits from uncertain tax positions in 2009 or 2010 and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the balance sheet date of December 31, 2010.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events or transactions occurring through December 9, 2010, the financial statements were available to be issued.

Reclassification

Certain 2009 amounts have been reclassified to conform to the 2010 presentation.

3. PLEDGES RECEIVABLE

The Corporation records pledges receivable and related allowances for those pledges estimated to be uncollectible based upon prior years' experience in the year that the pledges are communicated. Pledges receivable at June 30, 2010 and 2009 were as follows:

	Pledges Receivable	Estimated Allowance for Uncollectible	Net
2009	$ 1,884,958	$ 252,728	$ 1,632,230
2010	$ 1,824,225	$ 328,825	$ 1,495,400

All pledges are deemed to be collectible in the current year. Estimated allowance for uncollectible pledges is computed using the prior year's actual collection percentage. Management reviews collectibility of pledges receivable periodically and any uncollectible pledges are written off against the allowance as they arise.

4. ACCRUED COMPENSATED ABSENCES

Financial Accounting Standards Board Statement 43 requires that, under certain circumstances, compensated absences be accrued in the period of the employee's service to the employer. Vacation for the Organization's employees does vest under certain circumstances and, accordingly, the following amounts have been provided for in the compensated absences line item in these financial statements for the years ended June 30:

	2010	2009
Vacation	$ 9,147	$ 9,148

5. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions either by the passage of time or the incurring of expenses, satisfying the donor-restricted purpose.

5. PENSION PLAN

The Organization has a defined contribution pension plan covering all employees. Contributions are based on employees monthly salary amounts. Approximate pension costs for the years ended June 30, 2010 and 2009 were $19,936 and $20,470.

6. OPERATING LEASE

The Organization leases its operating facilities on a month-to-month basis for the Cortland location. This lease requires rental payments of $550 per month from 2008.

In April 2006, the Corporation entered into a three-year lease for office space in Albany that required payments of $1,662 per month. This lease was extended through March, 2010, this lease was not renewed. In addition, a 53 month lease was entered into beginning May 2006 for office space in New York City with monthly payments of $2,090 per month. The Organization entered into a new 38 month lease in November 2010 for office space in New York City with monthly payments of $1,875. Total occupancy expense was $48,499 and $51,247 for the years ended June 30, 2010 and 2009, respectively.

Future minimum lease payments under these leases are as follows:

2011	$ 23,360
2012	22,500
2013	22,500
2014	11,250
	$ 79,610

7. TOTAL CAMPAIGN CONTRIBUTIONS

The following is a summary of the Corporation's revenue and expenses for the years ended June 30:

	2010	2009
Total Campaign Contributions before CHC Assessment and Designation	$ 2,122,798	$ 2,271,026
Other Revenue	2,862	6,003
Total Campaign Contributions and Other Revenue	2,125,660	2,277,029
Distributions	1,760,220	1,890,430
Agency Program Services	259,496	261,955
Management and General	168,368	173,624
Promotion and Fundraising	8,711	11,544
Total Distributions and Expenses	2,196,795	2,337,553
Change in Net Assets	$ (71,135)	$ (60,524)