

**FINANCIAL STATEMENTS OF**  
**ALTERNATIVES VENTURE FUND, INC.**  
YEARS ENDED DECEMBER 31, 2004 AND 2003



## SciArabba Walker & Co., LLP

Certified Public Accountants

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### INDEPENDENT AUDITOR'S REPORT

February 4, 2005

Board of Directors  
Alternatives Venture Fund, Inc.  
Ithaca, NY 14850

We have audited the accompanying statements of financial position of Alternatives Venture Fund, Inc. (a nonprofit organization) as of December 31, 2004 and 2003, and the related statements of activities 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 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 Alternatives Venture Fund, Inc. as of December 31, 2004 and 2003, 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.

*SciArabba Walker & Co. LLP*  
Certified Public Accountants

# ALTERNATIVES VENTURE FUND, INC.

## STATEMENT OF FINANCIAL POSITION

December 31,

### ASSETS

	<u>2004</u>	<u>2003</u>
<b>CURRENT ASSETS:</b>		
Cash	\$ 278,874	292,398
Loans receivable	54,080	57,038
Grants receivable	<u>-</u>	<u>25,000</u>
<b>TOTAL CURRENT ASSETS</b>	332,954	374,436
<b>VEHICLE:</b>		
Vehicle	4,300	4,300
<b>LESS ACCUMULATED DEPRECIATION</b>	<u>1,863</u>	<u>1,003</u>
	<u>2,437</u>	<u>3,297</u>
<b>TOTAL ASSETS</b>	<u>\$ 335,391</u>	<u>\$ 377,733</u>

### LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>		
Due to Alternatives Federal Credit Union	<u>8,750</u>	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>	8,750	-
<b>NET ASSETS:</b>		
Unrestricted	155,990	115,863
Temporarily restricted	<u>170,651</u>	<u>261,870</u>
<b>TOTAL NET ASSETS</b>	<u>326,641</u>	<u>377,733</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 335,391</u>	<u>\$ 377,733</u>

See accompanying notes.

# ALTERNATIVES VENTURE FUND, INC.

## STATEMENT OF ACTIVITIES

For the Year Ended December 31,

	2004	2003
<b>UNRESTRICTED NET ASSETS:</b>		
<b>Public Support and Revenues:</b>		
Grant income	\$ 91,350	\$ 68,824
Public support	27,274	20,134
Interest and dividends	5,074	3,826
Other income	2,748	29,334
<b>Total Public Support and Revenues</b>	126,446	122,118
<b>NET ASSETS RELEASED FROM RESTRICTION BY USE</b>	91,233	138,631
<b>Expenses:</b>		
Contractual expense	122,806	76,770
Child care council pass through	-	6,237
Research expense	12,912	26,388
Provision for loan loss	-	11,124
Individual Development Accounts matching expense	40,314	101,602
Other	660	1,163
Depreciation	860	860
<b>Total Expenses</b>	177,552	224,144
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	40,127	36,605
<b>TEMPORARY RESTRICTED NET ASSETS:</b>		
<b>Public Support:</b>		
Grants	-	130,050
Interest	14	-
<b>NET ASSETS RELEASED FROM RESTRICTIONS BY USE</b>	( 91,233)	( 138,631)
<b>DECREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	( 91,219)	( 8,581)
<b>(DECREASE) INCREASE IN NET ASSETS</b>	( 51,092)	28,024
<b>NET ASSETS, beginning of year</b>	377,733	349,709
<b>NET ASSETS, end of year</b>	\$ 326,641	\$ 377,733

See accompanying notes.

# ALTERNATIVES VENTURE FUND, INC.

## STATEMENT OF CASH FLOWS

For the Year Ended December 31,

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of public support and revenues over expenses	\$ ( 51,092)	\$ 28,024
Adjustments to reconcile excess of public support and revenues over expenses to net cash provided by operating activities:		
Depreciation	860	860
Changes in Due to/from Alternatives Federal Credit Union	8,750	( 23,148)
Changes in grants receivable	<u>25,000</u>	<u>( 25,000)</u>
<b>TOTAL ADJUSTMENTS</b>	<u>34,610</u>	<u>( 47,288)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	( 16,482)	( 19,264)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net activity in loans	<u>2,958</u>	<u>( 37,972)</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	2,958	( 37,972)
<b>NET DECREASE IN CASH</b>	( 13,524)	( 57,236)
<b>CASH, beginning of year</b>	<u>292,398</u>	<u>349,634</u>
<b>CASH, end of year</b>	<u>\$ 278,874</u>	<u>\$ 292,398</u>

See accompanying notes.

# **ALTERNATIVES VENTURE FUND, INC.**

## **NOTES TO FINANCIAL STATEMENT**

**For the Year Ended December 31, 2004 and 2003**

### **A. Summary of Significant Accounting Policies:**

1. Organization - Alternatives Venture Fund, Inc. is a not-for-profit organization dedicated to providing community economic development through various mission-focused programs in conjunction with Alternatives Federal Credit Union. Below is a brief summary of each program:
  - Individual Development Accounts is an asset-building program whereby savings of low-income participants are matched to provide assistance in paying for a home, education or small business.
  - Growth Opportunities Fund (GO Fund) encourages the development and expansion of small businesses that do not have access to equity or equity-like instruments. The goal of the Fund is to provide equity-like financing that does not require immediate repayment to support the development of small businesses that can demonstrate growth potential.
  - Community Child Care Initiative is a supportive community-based initiative to make childcare more affordable to all parents and increase affordable financing options for childcare providers.
  - Credit Path is a program that researches how and whether the Credit Path Model works to help people progress financially.
  - Mural is a project to paint a historical mural on the building wall to the east of the Alternatives Federal Credit Union.
  - VITA is a free tax preparation service for low income people.
  - Business CENTS is a small business development program offering “how to” business training, one-on-one business counseling and marketing support for people interested in starting or expanding a business.
2. Basis of Presentation - The Organization reports information regarding its financial position and activities according to two classes of net assets: unrestricted net assets, temporarily restricted net assets.
3. Accounting Method - The financial statements are prepared on the accrual basis of accounting.
4. Income Taxes - The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.
5. Cash and Cash Equivalents - For cash flow reporting purposes, the organization considers all short-term investments with a maturity of three months or less to be cash equivalents.
6. Estimates and Assumptions - Management of the Organization uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

7. Vehicle – A vehicle was donated to the Alternatives Venture Fund in 2002 and the value is stated at fair market value. Depreciation is calculated by the straight-line method over five years. Depreciation expense for the years ended 2004 and 2003 was \$860.

**B. Concentration of Credit Risk:**

Alternatives Venture Fund's deposit at its depository financial institution is in excess of the insured maximum level.

**C. Contributions:**

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulation specifies how the donated assets must be used.

**D. GO Fund Revenue:**

The GO Fund derives income from: 1) a grant from the Community Development Financial Institutions Fund of the U.S. Treasury Department, 2) interest only payments on loans it gives to small businesses 3) participation payments based on a percentage of sales from borrowers as the business expands, and 4) donations from other donors including Alternatives Federal Credit Union.

**E. Contractual Expenses:**

Contractual expenses are expenses reimbursed to Alternatives Federal Credit Union for expenses associated with the administration of programs.

**F. Restricted and Unrestricted Revenue:**

Contributions and grants that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. 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 restrictions.

**G. Temporarily Restricted Net Assets:**

Temporarily restricted net assets are available for the following purposes:

Individual Development Accounts	\$ <u>170,651</u>
Total Temporarily Restricted Net Assets	\$ <u><u>170,651</u></u>

Net assets received in the prior year were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Individual Development Accounts	\$	65,314
The Annie E. Casey Foundation (Credit Path)		19,132
Child Care Grant		2,487
Community Arts Partnership of Tompkins County (Mural)		1,800
Triad Foundation (VITA)		<u>2,500</u>
Total Restrictions Released	\$	<u>91,233</u>

**ALTERNATIVES VENTURE FUND, INC.**

**SUPPLEMENTAL SCHEDULES**



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**INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION**

February 4, 2005

Board of Directors  
Alternatives Venture Fund, Inc.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of Alternatives Venture Fund, Inc. as of and for the year ended December 31, 2004, which are presented in the preceding section of this report. The financial information hereinafter is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*SciArabba Walker & Co. LLP*  
Certified Public Accountants

**ALTERNATIVES VENTURE FUND, INC.**

**PROGRAM ACTIVITY**

**December 31, 2004**

	<b>Child Care Initiative</b>	<b>GO Fund</b>	<b>IDA</b>
<b>UNRESTRICTED NET ASSETS:</b>			
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Grant income	\$ -	\$ 76,750	\$ -
Public support	-	22,583	4,691
Interest and dividends	-	3,183	1,891
Other income	-	2,703	-
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	-	105,219	6,582
<b>NET ASSETS RELEASED FROM RESTRICTION BY USE</b>	2,487	-	65,314
<b>EXPENSES:</b>			
Contractual expenses	2,487	53,447	29,691
Research expense	-	-	-
Individual Development Accounts, matching expense	-	-	40,314
Other	-	-	61
<b>TOTAL FUNCTIONAL EXPENSES</b>	2,487	53,447	70,066
<b>DEPRECIATION EXPENSE</b>	-	-	-
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	-	51,772	1,830
 <b>TEMPORARILY RESTRICTED NET ASSETS:</b>			
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Interest Income	-	-	14
<b>NET ASSETS RELEASED FROM RESTRICTION BY USE</b>	( 2,487)	-	( 65,314)
<b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	\$ ( 2,487)	\$ -	\$ ( 65,300)

<b>Credit Path</b>	<b>Mural</b>	<b>Vita</b>	<b>Cents</b>	<b>Admin.</b>	<b>Total</b>
\$ -	\$ -	\$ 5,000	\$ 9,600	\$ -	\$ 91,350
-	-	-	-	-	27,274
-	-	-	-	-	5,074
-	-	-	-	45	2,748
-	-	5,000	9,600	45	126,446
19,132	1,800	2,500	-	-	91,233
6,300	1,800	7,500	18,350	3,231	122,806
12,912	-	-	-	-	12,912
-	-	-	-	-	40,314
-	-	-	474	125	660
19,212	1,800	7,500	18,824	3,356	176,692
-	-	-	-	860	860
( 80)	-	-	( 9,224)	( 4,171)	40,127
-	-	-	-	-	14
( 19,132)	( 1,800)	( 2,500)	-	-	( 91,233)
<u>\$ ( 19,132)</u>	<u>\$ ( 1,800)</u>	<u>\$ ( 2,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ ( 91,219)</u>