

ALTERNATIVES IN MOTION

FINANCIAL STATEMENTS

**December 31, 2009 (Audited)
and December 31, 2008 (Unaudited)**

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Board of Directors
Alternatives in Motion
Grand Rapids, MI

We have audited the accompanying statements of financial position of Alternatives in Motion (a nonprofit organization) as of December 31, 2009, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of Alternatives in Motion's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 Alternatives in Motion as of December 31, 2009 and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The December 31, 2008 financial statements were reviewed by us, and our report thereon, dated August 17, 2009, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with generally accepted accounting principles. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

H&S Companies P.C.

H&S Companies, P.C.
Certified Public Accountants
April 7, 2010



ALTERNATIVES IN MOTION

Statements of Financial Position
December 31, 2009 and 2008

ASSETS

	Audited 2009	Unaudited 2008
Current Assets		
Cash and Equivalents	\$ 18,149	\$ 3,222
Other Receivables	134	2,396
Inventory	232,164	187,756
	<hr/>	<hr/>
Total Current Assets	250,447	193,374
Land, Building and Equipment		
Leasehold Improvements	9,160	9,160
Equipment and Furniture	54,784	56,255
Vehicles	-	54,977
	<hr/>	<hr/>
Total Land, Building and Equipment	63,944	120,392
Less Accumulated Depreciation	<hr/> (54,932)	<hr/> (62,016)
Net Land, Building and Equipment	<hr/> 9,012	<hr/> 58,376
Total Assets	<hr/> <u>\$ 259,459</u>	<hr/> <u>\$ 251,750</u>

The Notes to the Financial Statements are an integral part of this statement.

ALTERNATIVES IN MOTION

Statements of Financial Position
December 31, 2009 and 2008

LIABILITIES AND NET ASSETS

	Audited 2009	Unaudited 2008
Current Liabilities		
Line of Credit	\$ 45,000	\$ 40,500
Current Maturities	-	1,750
Accounts Payable	6,522	1,352
Accrued Wages	7,340	-
Payroll Liabilities	2,946	3,051
Credit Cards	-	18,392
	<hr/>	<hr/>
Total Current Liabilities	61,808	65,045
Long-Term Liabilities		
Note Payable	-	9,364
Less: Current Maturities	-	(1,750)
	<hr/>	<hr/>
Total Long-Term Liabilities	-	7,614
Net Assets		
Unrestricted	196,751	174,369
Temporarily Restricted	900	4,722
	<hr/>	<hr/>
Total Net Assets	197,651	179,091
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Total Liabilities and Net Assets	\$ 259,459	\$ 251,750

The Notes to the Financial Statements are an integral part of this statement.

ALTERNATIVES IN MOTION

Statement of Activities
For the Year Ended December 31, 2009

	2009 (Audited)		
	Unrestricted	Temporarily Restricted	Total
Revenues and Support			
Grants and Contributions	\$ 69,034	\$ 900	\$ 69,934
Gifts in Kind - Mobility Equipment	141,821	-	141,821
Gifts in Kind - Rent and Other	6,275	-	6,275
Special Events	30,958	-	30,958
Dividend and Interest Income	1,635	-	1,635
	249,723	900	250,623
Net Assets Released from Restrictions	4,722	(4,722)	-
Total Revenue and Support	254,445	(3,822)	250,623
Expenses			
Program Services	139,961	-	139,961
General and Administrative	39,262	-	39,262
Fundraising	41,772	-	41,772
	220,995	-	220,995
Excess (deficiency) of operating support and revenue over operating expenses	33,450	(3,822)	29,628
Nonoperating Support and Revenue, Expenses, Gains, and Losses			
Realized Loss on Sale of Assets	(11,068)	-	(11,068)
Changes in Net Assets	22,382	(3,822)	18,560
Net Assets at Beginning of Year	174,369	4,722	179,091
Net Assets at End of Year	\$ 196,751	\$ 900	\$ 197,651

The Notes to the Financial Statements are an integral part of this statement.

ALTERNATIVES IN MOTION

Statement of Activities
For the Year Ended December 31, 2008

	2008 (Unaudited)		
	Unrestricted	Temporarily Restricted	Total
Revenues and Support			
Grants and Contributions	\$ 136,612	\$ 4,282	\$ 140,894
Gifts in Kind - Mobility Equipment	100,181	-	100,181
Gifts in Kind - Rent and Other	6,000	-	6,000
Special Events	30,454	-	30,454
Dividend and Interest Income	335	-	335
	273,582	4,282	277,864
Net Assets Released from Restrictions	420	(420)	-
Total Revenue and Support	274,002	3,862	277,864
Expenses			
Program Services	147,853	-	147,853
General and Administrative	52,687	-	52,687
Fundraising	69,510	-	69,510
	270,050	-	270,050
Total Operating Expenses	270,050	-	270,050
Excess (deficiency) of operating support and revenue over operating expenses	3,952	3,862	7,814
Nonoperating Support and Revenue, Expenses, Gains, and Losses			
Realized Gain on Sale of Assets	3,016	-	3,016
Changes in Net Assets	6,968	3,862	10,830
Net Assets at Beginning of Year	167,401	860	168,261
Net Assets at End of Year	\$ 174,369	\$ 4,722	\$ 179,091

The Notes to the Financial Statements are an integral part of this statement.

ALTERNATIVES IN MOTION

Statement of Functional Expenses For the Year Ended December 31, 2009 (Audited)

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Mobility Equipment	\$ 94,050	\$ -	\$ -	\$ 94,050
Salaries	21,690	6,991	22,163	50,844
Payroll Taxes	1,691	545	1,727	3,963
Health Insurance	579	-	1,074	1,653
Training	-	-	-	-
Vehicle Expense	3,232	-	-	3,232
Advertising	-	-	-	-
Office Supplies and Postage	-	3,800	-	3,800
Rent	-	9,000	-	9,000
Repairs and Maintenance	-	674	-	674
Utilities and Telephone	-	1,679	-	1,679
Insurance	-	556	-	556
Fundraising Expense	-	-	2,772	2,772
Professional Fees	-	8,540	-	8,540
Special Events	-	-	12,267	12,267
Depreciation and Amortization	5,898	4,129	1,769	11,796
Dues and Subscriptions	-	20	-	20
Service Charges	-	210	-	210
Interest	4,976	1,978	-	6,954
Obsolete Inventory	7,845	-	-	7,845
Miscellaneous	-	1,140	-	1,140
	<u>\$ 139,961</u>	<u>\$ 39,262</u>	<u>\$ 41,772</u>	<u>\$ 220,995</u>

The Notes to the Financial Statements are an integral part of this statement.

ALTERNATIVES IN MOTION

Statement of Functional Expenses For the Year Ended December 31, 2008 (Unaudited)

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Mobility Equipment	\$ 81,906	\$ -	\$ -	\$ 81,906
Salaries	39,917	15,399	50,478	105,794
Payroll Taxes	3,054	1,178	3,861	8,093
Health Insurance	491	-	912	1,403
Training	-	45	-	45
Vehicle Expense	9,216	-	-	9,216
Advertising	-	-	295	295
Office Expense and Postage	-	8,948	-	8,948
Rent	-	9,000	-	9,000
Repairs and Maintenance	-	256	-	256
Utilities and Telephone	-	1,552	-	1,552
Insurance	-	1,259	-	1,259
Fundraising Expense	-	-	1,887	1,887
Professional Fees	-	7,360	-	7,360
Special Events	-	-	10,349	10,349
Depreciation and Amortization	7,329	5,185	1,728	14,242
Dues and Subscriptions	-	195	-	195
Service Charges	-	299	-	299
Interest	4,173	1,631	-	5,805
Obsolete Inventory	1,767	-	-	1,767
Miscellaneous	-	380	-	380
	<u>\$ 147,853</u>	<u>\$ 52,687</u>	<u>\$ 69,510</u>	<u>\$ 270,050</u>

The Notes to the Financial Statements are an integral part of this statement.

ALTERNATIVES IN MOTION

Statements of Cash Flows For the Years Ended December 31, 2009 and 2008

	Audited 2009	Unaudited 2008
Cash Flows from Operating Activities		
Change in Net Assets	\$ 18,560	\$ 10,830
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used for) Operating Activities		
Depreciation	11,796	14,242
(Gain) Loss on Disposal of Equipment	11,068	(3,016)
(Increase) Decrease in Operating Assets		
Inventory	(44,408)	(24,724)
Other Receivable	2,262	26,700
Increase (Decrease) in Operating Liabilities		
Accounts Payable	5,170	(1,147)
Accrued Wages	7,340	-
Payroll Liabilities	(105)	5
Credit Card Liabilities	(18,392)	(10,522)
Net Cash Provided by Operating Activities	(6,709)	12,368
Cash Flows Used For Investing Activities		
Proceeds from Sale of Equipment	26,500	17,870
Capital Expenditures	-	(55,306)
Net Cash Used For Investing Activities	26,500	(37,436)
Cash Flows Used For Financing Activities		
Proceeds from Line of Credit	4,500	10,500
Proceeds from Note Payable	-	10,235
Payments on Note Payable	(9,364)	(871)
Net Cash Used for Financing Activities	(4,864)	19,864
(Decrease) Increase in Cash	14,927	(5,204)
Cash at Beginning of Year	3,222	8,426
Cash at End of Year	\$ 18,149	\$ 3,222
SUPPLEMENTAL INFORMATION:		
Interest Paid	\$ 6,954	\$ 5,805

The Notes to the Financial Statements are an integral part of this statement.

ALTERNATIVES IN MOTION

Notes to the Financial Statements
For the Year Ended December 31, 2009

NOTE A NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

The mission of Alternatives in Motion is to provide wheelchairs to individuals who would not otherwise qualify for assistance and who could not otherwise obtain such equipment without financial aid.

The organization focuses on new and individually fitted wheelchairs and specialized equipment, such as seating systems for wheelchairs, and other mobility related items.

Alternatives in Motion is governed by a fourteen member Board of Directors. The board consists of an executive director, the founding member, and twelve trustees from the general public.

In 2009 and 2008, the organization provided assistance to seventy-four and eighty-seven individuals, respectively.

2. Financial Statement Presentation

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, Net Assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Alternatives in Motion are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulation that may or will be met either by actions of the Mission and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Mission. Generally, the donors of these assets permit the Mission to use all or part of the income earned on any related investments for general or specific purposes. Alternatives in Motion has no permanently restricted net assets.

The financial statements of the organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

3. Cash and Equivalents

Cash and equivalents include all highly liquid investments with a maturity of three months or less.

4. Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Investment income and loss (including realized and unrealized gains and losses on investments, interest and dividends) are included in the excess of revenues over expenses unless the income or loss is restricted by donor or law.

Notes to the Financial Statements (continued)

5. Inventory
Inventory consists primarily of wheelchairs, scooters, and other handicap accessible accessories. All donated inventory is stated at the estimated fair market value at the date of donation.
6. Land, Building and Equipment
Land, building and equipment with an estimated useful life exceeding one year are capitalized and carried at cost. The provision for depreciation is computed on the straight-line method over the estimated useful lives of the assets ranging from five to fifteen years.
7. Contributed Equipment and Improvements
Contributed equipment and improvements are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, the contributions are recorded as unrestricted support. Equipment valued at \$0- and \$329 was contributed during the year ending December 31, 2009 and 2008, respectively.
8. Donated Services
Donated services are recognized as contributions in accordance with SFAS NO. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have to be purchased. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the criteria for SFAS No. 116 are not met. No amount of contributed services were recorded in 2009 or 2008.
9. Gifts In Kind
Alternatives in Motion records donations of non-cash items such as wheelchairs, scooters, and accessories at the time of donation. Gifts are valued at estimated fair market value and the amount recognized in 2009 and 2008 were \$141,821 and \$100,181.

The Organization also received in-kind donations for rent. The amounts recognized in 2009 and 2008 were \$6,275 and \$6,000, respectively.
10. Donor-Imposed Restrictions
All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.
11. Tax Exempt Status
Alternatives in Motion is a non-profit corporation exempt from income tax under Section 501 (c)(3) of the U.S. Internal Revenue Code and therefore is not subject to Michigan Single Business Tax. The organization files IRS Form 990 under Federal ID #38-3133483.

Notes to the Financial Statements (continued)

12. Support and Revenues

Support for Alternatives in Motion is received through both cash and non-cash donations and also grants from other organizations.

13. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Inventory received through donations was recorded based on estimated fair market value. Alternatives in Motion believes the methods and assumptions used in computing inventory is appropriate.

14. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

Costs are allocated between fundraising, management and general or the appropriate programs based on evaluations of the related benefits. 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 Alternatives in Motion.

15. Advertising Costs

Advertising costs are expensed as they are incurred and included as a part of fundraising costs on the statement of activities.

16. Concentration of Support

Alternatives in Motion receives a significant portion of cash donations from just a few donors. The organization received over 34% and 37% of cash donations from The Mary Free Bed Fund and The Herman Miller Foundation for 2009 and 2008, respectively.

NOTE B DEPOSITS

Alternatives in Motion's deposits consisted of the following:

	<u>12/31/2009</u>	<u>12/31/2008</u>
Cash and Equivalents	\$ 18,149	\$ 3,222

These deposits were held in Alternatives in Motion's name and were fully covered by federal depository insurance.

NOTE C INVENTORY

In December of 2009 Alternatives in Motion reviewed the inventory valuation. In 2009 and 2008 the amount written down was \$7,845 and \$1,767, respectively.

Notes to the Financial Statements (continued)

NOTE D PROPERTY AND EQUIPMENT

Fixed assets consisted of the following as of December 31, 2009

	Balance 1/1/2009	Additions	Deletions	Balance 12/31/2009
Leasehold Improvements	\$ 9,160	\$ -	\$ -	\$ 9,160
Equipment	56,255	-	1,471	54,784
Vehicles	54,977	-	54,977	-
Total Cost of Assets	120,392	-	56,448	63,944
Accumulated Depreciation	(62,016)	(11,796)	(18,880)	(54,932)
Net Book Value	<u>\$ 58,376</u>	<u>\$ (11,796)</u>	<u>\$ 37,568</u>	<u>\$ 9,012</u>

Depreciation Expense for was \$11,796 and \$14,242 for 2009 and 2008.

NOTE E LINE OF CREDIT

As of December 31, 2009 Alternatives in Motion had an agreement with Macatawa Bank for a line of credit. The available credit is \$45,000 and is at a variable rate based on prime rate. The balance was \$45,000 at December 31, 2009 with a 5.00% interest rate. At December 31, 2008 the balance was \$40,500 at 4.50%.

NOTE F CREDIT CARDS

Alternatives in Motion maintained three credit cards for operations during 2009. At December 31, 2009 all credit card balances had been paid in full and have no outstanding balances.

NOTE G TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

<u>Restriction</u>	<u>12/31/2009</u>	<u>12/31/2008</u>
Handicap Accessible		
Development Project	\$ -	\$ 440
Directed Donations	-	2,282
Mary Free Bed -Children	900	2,000
Total	<u>\$ 900</u>	<u>\$ 4,722</u>

NOTE H SUPPLEMENTAL CASH FLOW DISCLOSURES

Alternatives in Motion had the following noncash transactions:

	<u>12/31/2009</u>	<u>12/31/2008</u>
Donated Mobility Equipment	\$ 141,821	\$ 100,181
Donated Rent	6,275	6,000
Other Donated Items	-	-

Interest paid amounted to \$6,954 and \$5,804 for 2009 and 2008 and was entirely expensed in both years.

Notes to the Financial Statements (continued)

NOTE I PROGRAM EXPENSES

In addition to the retail value of mobility equipment provided to individuals (along with the related costs to repair, maintain, and deliver the equipment), an allocation of employee salaries, payroll taxes, and benefits are considered to be direct program expenses.

NOTE J RELATED PARTIES

There was an account receivable at December 31, 2008 of \$2,396 from Tap Shoe Productions, Inc., which is an S-corporation wholly owned by George Ranville and Johnnie Tuitel, the executive director and founder of Alternatives in Motion.

As of December 31, 2009, this receivable had a balance of \$134.

NOTE K LONG-TERM DEBT

The note payable to Macatawa Bank, which had an outstanding balance of \$9,364 as of December 31, 2008 was paid in full during 2009.

NOTE L SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 7, 2010, the date the financial statements were available to be issued.