

**COAST GUARD MUTUAL ASSISTANCE, INC.**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2009 AND 2008**

**MURRAY, JONSON, WHITE & ASSOCIATES, LTD., P.C.**  
Certified Public Accountants  
Falls Church, Virginia

**COAST GUARD MUTUAL ASSISTANCE, INC.**

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## INDEPENDENT AUDITORS' REPORT

**Board of Control  
Coast Guard Mutual Assistance, Inc.**

We have audited the accompanying statements of financial position of Coast Guard Mutual Assistance, Inc. as of December 31, 2009 and 2008, 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 U.S. generally accepted auditing standards. 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 Coast Guard Mutual Assistance, Inc. as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*Murray, Jonson, White & Associates, Ltd., P.C.*

**Certified Public Accountants**

February 16, 2010

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COAST GUARD MUTUAL ASSISTANCE, INC.

STATEMENTS OF FINANCIAL POSITION  
December 31,

ASSETS

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 859,106	\$ 676,549
Pledges receivable - Note 3	690,000	650,000
Investments - Note 2 and 4	13,018,078	11,146,524
Accrued dividends and interest	53,365	65,736
Loans receivable - Net - Note 5	3,169,261	3,124,355
Other receivables	1,476	700
Property and equipment - Net - Note 6	<u>161,989</u>	<u>171,094</u>
TOTAL ASSETS	\$ <u>17,953,275</u>	\$ <u>15,834,958</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 2,650	\$ 11,211
Accrued leave	<u>47,334</u>	<u>38,961</u>
TOTAL LIABILITIES	<u>49,984</u>	<u>50,172</u>
NET ASSETS		
Unrestricted	17,125,164	15,037,704
Temporarily restricted - Note 7	<u>778,127</u>	<u>747,082</u>
TOTAL NET ASSETS	<u>17,903,291</u>	<u>15,784,786</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>17,953,275</u>	\$ <u>15,834,958</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**COAST GUARD MUTUAL ASSISTANCE, INC.**

**STATEMENTS OF ACTIVITIES**  
**For the Years Ended December 31, 2009 and 2008**

**COAST GUARD MUTUAL ASSISTANCE, INC.**

**STATEMENTS OF ACTIVITIES  
For the Years Ended December 31,**

	<b>2009</b>		
	<b><u>Unre- restricted</u></b>	<b><u>Tempor- arily Re- stricted</u></b>	<b><u>Total</u></b>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Contributions			
Annual campaign collections	\$ 1,285,039	\$ 690,000	\$ 1,975,039
Other donations and miscellaneous income	172,436	-	172,436
Grants repaid/collection agency payments	<u>7,997</u>	<u>-</u>	<u>7,997</u>
	<u>1,465,472</u>	<u>690,000</u>	<u>2,155,472</u>
Investments			
Interest and dividends	350,323	-	350,323
Realized and unrealized gains (losses)	1,560,238	-	1,560,238
Investment management fees paid	<u>(51,229)</u>	<u>-</u>	<u>(51,229)</u>
	<u>1,859,332</u>	<u>-</u>	<u>1,859,332</u>
Donated facilities - Note 8	<u>109,919</u>	<u>-</u>	<u>109,919</u>
Net assets released from restrictions - Note 7	<u>658,955</u>	<u>(658,955)</u>	<u>-</u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>4,093,678</u>	<u>31,045</u>	<u>4,124,723</u>
<b>EXPENSES</b>			
Program expenses	1,549,008	-	1,549,008
Supporting services			
General and administrative	331,364	-	331,364
Fund-raising	<u>125,846</u>	<u>-</u>	<u>125,846</u>
TOTAL EXPENSES	<u>2,006,218</u>	<u>-</u>	<u>2,006,218</u>
CHANGE IN NET ASSETS	2,087,460	31,045	2,118,505
NET ASSETS AT BEGINNING OF YEAR	<u>15,037,704</u>	<u>747,082</u>	<u>15,784,786</u>
NET ASSETS AT END OF YEAR	\$ <u>17,125,164</u>	\$ <u>778,127</u>	\$ <u>17,903,291</u>

The accompanying notes to financial statements are an integral part of this statement.

<b>2008</b>		
<b><u>Unre- restricted</u></b>	<b><u>Tempor- arily Re- stricted</u></b>	<b><u>Total</u></b>
\$ 1,248,017	\$ 650,000	\$ 1,898,017
138,747	-	138,747
<u>9,752</u>	<u>-</u>	<u>9,752</u>
<u>1,396,516</u>	<u>650,000</u>	<u>2,046,516</u>
441,885	-	441,885
(3,271,346)	-	(3,271,346)
<u>(63,869)</u>	<u>-</u>	<u>(63,869)</u>
<u>(2,893,330)</u>	<u>-</u>	<u>(2,893,330)</u>
<u>107,022</u>	<u>-</u>	<u>107,022</u>
<u>616,965</u>	<u>(616,965)</u>	<u>-</u>
<u>(772,827)</u>	<u>33,035</u>	<u>(739,792)</u>
1,682,151	-	1,682,151
231,769	-	231,769
<u>150,370</u>	<u>-</u>	<u>150,370</u>
<u>2,064,290</u>	<u>-</u>	<u>2,064,290</u>
(2,837,117)	33,035	(2,804,082)
<u>17,874,821</u>	<u>714,047</u>	<u>18,588,868</u>
\$ <u>15,037,704</u>	\$ <u>747,082</u>	\$ <u>15,784,786</u>

**COAST GUARD MUTUAL ASSISTANCE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Years Ended December 31, 2009 and 2008**



**COAST GUARD MUTUAL ASSISTANCE, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Years Ended December 31,**

	<b>2009</b>			
	<b>Program Expenses</b>	<b>General and Admin- istrative</b>	<b>Fund Raising</b>	<b>Total</b>
Grants				
SEG grants	\$ 660,383	\$ -	\$ -	\$ 660,383
Personal grants	49,242	-	-	49,242
Bad Debt Expense (Net of Collections)	109,827	-	-	109,827
Loans Converted to Grants	100,245	-	-	100,245
Education Loans 3% Refund	17,743	-	-	17,743
Financial Counseling Fees	3,950	-	-	3,950
Layette Program	3,500	-	-	3,500
Outreach Program	10,817	-	-	10,817
Special Programs	12,505	-	-	12,505
Salaries and Benefits	396,418	231,244	33,035	660,697
Facilities Rental - Note 8	65,951	38,472	5,496	109,919
Depreciation	36,000	-	-	36,000
Printing and Mailing	7,883	3,761	75,297	86,941
Legal and Audit	-	17,849	-	17,849
Bank Fees	-	17,103	-	17,103
Office Supplies	-	3,001	-	3,001
Insurance/Bonding	-	4,263	-	4,263
Computer and Equipment Maintenance	73,050	9,444	-	82,494
Credit Card Processing Fees	-	-	2,137	2,137
State Registration Fees	-	-	8,594	8,594
Miscellaneous Expenses	<u>1,494</u>	<u>6,227</u>	<u>1,287</u>	<u>9,008</u>
<b>TOTAL</b>	<b>\$ <u>1,549,008</u></b>	<b>\$ <u>331,364</u></b>	<b>\$ <u>125,846</u></b>	<b>\$ <u>2,006,218</u></b>

The accompanying notes to financial statements are an integral part of this statement.

**2008**

<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
\$ 395,821	\$ -	\$ -	\$ 395,821
89,248	-	-	89,248
102,302	-	-	102,302
474,922	-	-	474,922
13,570	-	-	13,570
3,084	-	-	3,084
5,825	-	-	5,825
1,114	-	-	1,114
8,725	-	-	8,725
414,353	120,037	59,193	593,583
80,267	26,755	-	107,022
62,452	20,818	-	83,270
2,338	3,590	80,427	86,355
-	15,575	-	15,575
-	14,938	-	14,938
-	1,862	-	1,862
-	4,236	-	4,236
26,344	18,154	-	44,498
-	-	2,561	2,561
-	-	8,189	8,189
<u>1,786</u>	<u>5,804</u>	<u>-</u>	<u>7,590</u>
<b>\$ <u>1,682,151</u></b>	<b>\$ <u>231,769</u></b>	<b>\$ <u>150,370</u></b>	<b>\$ <u>2,064,290</u></b>

**COAST GUARD MUTUAL ASSISTANCE, INC.**

**STATEMENTS OF CASH FLOWS  
For the Years Ended December 31,**

	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,118,505	\$ (2,804,082)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	36,000	83,270
Realized and unrealized (gains) losses on investments	(1,560,238)	3,271,346
Changes in operating assets and liabilities		
(Increase) decrease in pledges receivable	(40,000)	(40,000)
(Increase) decrease in accrued dividends and interest	12,371	42,512
(Increase) decrease in loans receivable	(44,906)	(255,398)
(Increase) decrease in other receivables	(776)	2,433
Increase (decrease) in accounts payable	(8,561)	11,211
Increase (decrease) in accrued leave	<u>8,373</u>	<u>9,457</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>520,768</u>	 <u>320,749</u>
 <b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(26,896)	(49,175)
Purchases of investments	(2,378,325)	(4,143,857)
Proceeds from sale of investments	<u>2,067,010</u>	<u>3,240,488</u>
 NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	 <u>(338,211)</u>	 <u>(952,544)</u>
 Increase (decrease) in cash and cash equivalents	 182,557	 (631,795)
Cash and cash equivalents at beginning of period	<u>676,549</u>	<u>1,308,344</u>
 CASH AND CASH EQUIVALENTS AT END OF PERIOD	 \$ <u>859,106</u>	 \$ <u>676,549</u>

The accompanying notes to financial statements are an integral part of this statement.

## COAST GUARD MUTUAL ASSISTANCE, INC.

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Coast Guard Mutual Assistance, Inc. (CGMA) is a non-profit charitable organization operating since 1924 to provide financial aid to all active-duty and retired Coast Guard personnel, commissioned officers of the Public Health Service serving with the Coast Guard, civilian employees of the Coast Guard, and members of the Selected Reserve and Auxiliary. Financial assistance may be in the form of an outright grant or an interest-free loan for housing assistance, post-secondary educational purposes, general assistance, medical and dental assistance, debt management, or emergency assistance. The organization consists of a headquarters located in Arlington, Virginia and over 135 field offices located at Coast Guard installations throughout the country. CGMA incorporated in Virginia in 1998.

CGMA is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code.

- (a). Financial Statement Presentation - CGMA reports 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. There are no permanently restricted net assets.
- (b). Cash and Cash Equivalents - For purposes of the statement of cash flows the organization considers substantially all highly liquid investments (with the exception of certificates of deposit) with a maturity of three months or less when purchased to be cash equivalents. Short-term, highly liquid instruments purchased for its investment accounts and handled by investment managers are treated as investments rather than cash equivalents.
- (c). Investments - All investments in debt and equity securities are carried at fair value, with gains and losses included in a statement of activities. Gains and losses on investments reflected in the accompanying statement of activities include gains and losses realized upon sales and unrealized gains and losses resulting from fluctuations in market values of investments. Gains and losses upon sales are calculated using the first-in first-out method.
- (d). Promises to Give - Contributions result primarily from annual fund raising campaigns among active-duty and retired Coast Guard personnel, including civilians, auxiliaries, and reservists. Contributions are recognized when the donor makes a promise to give to CGMA that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the existence and/or nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. CGMA estimates the amount of pledges receivable based upon historical experience.
- (e). Property and Equipment - Property and equipment are recorded at cost, less accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets. Expenditures for maintenance and repairs are charged against income as incurred; betterments which increase the value or materially extend the life of the related assets are capitalized.

**COAST GUARD MUTUAL ASSISTANCE, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Continued**

- (f). Estimates - The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Significant items subject to such estimates and assumptions include the carrying amount of loans and pledges receivable and their related allowances for doubtful accounts and bad debt expense. Accordingly, upon settlement, actual results may differ from estimated amounts.
- (g). Reclassifications - Certain items on the Statement of Activities and Statement of Functional Expenses have been reclassified to conform to the current year's presentation. No changes in total net assets resulted from these reclassifications.

**NOTE 2 - CONCENTRATIONS OF CREDIT RISK**

Financial instruments which potentially subject CGMA to concentration of credit risk consist principally of temporary cash investments, investments, and loans receivable. CGMA places its temporary cash investments with high credit quality financial institutions. Master notes and commercial paper are not bank deposits and are not insured by the Federal Deposit Insurance Corporation. With respect to investments, CGMA limits its credit risk by diversifying its investments.

**NOTE 3 - PLEDGES RECEIVABLE**

CGMA recognizes uncollected pledges as receivables. At December 31, 2009 and 2008, CGMA had uncollected pledges totaling an estimated \$690,000 and \$650,000, respectively, all due in less than one year. CGMA estimates the amount of pledges receivable each year based upon historical experience; therefore, no separate allowance for uncollectible pledges is reported.

**NOTE 4 - INVESTMENTS**

The following table summarizes market values as of December 31,:

	<u>2009</u>	<u>2008</u>
Money market funds	\$ 1,507,010	\$ 899,233
Equities	7,079,972	4,984,359
Fixed income securities	4,253,825	5,114,843
Alternative investments	<u>177,271</u>	<u>148,089</u>
TOTAL	\$ <u>13,018,078</u>	\$ <u>11,146,524</u>

**COAST GUARD MUTUAL ASSISTANCE, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**NOTE 4 - INVESTMENTS: Continued**

Investments were recorded at fair value based on the following level of hierarchy as of December 31,:

	<b>2009 (Level 1)</b>	<b>2008 (Level 1)</b>
Money market funds	\$ 1,507,010	\$ 899,233
Equities	7,079,972	4,984,359
Fixed income securities	4,253,825	5,114,843
Alternative investments	<u>177,271</u>	<u>148,089</u>
 TOTAL	 \$ <u>13,018,078</u>	 \$ <u>11,146,524</u>

Level 1 inputs include quoted market prices in active markets for identical assets. There were no level 2 (significant other observable) or level 3 (significant unobservable) inputs used to determine the fair value of the investments for the years ended December 31, 2009 and 2008.

**NOTE 5 - LOANS RECEIVABLE**

At December 31, 2009 and 2008, CGMA had uncollateralized loans receivable totaling \$3,289,261 and \$3,244,355, respectively, all to present or former members of the Coast Guard family. CGMA loans bear no interest. Some of the loans are converted into grants and, thereby, expensed if it becomes apparent that the individual is in financial need and is unable to repay. Loans outstanding at December 31, 2009 and 2008 are shown net of an allowance for doubtful accounts of \$120,000 for each year, respectively. The allowance is calculated based on prior history of loan repayments. Loans are reviewed monthly to determine if any are past due or delinquent.

Program expenses do not include \$4,148,949 and \$4,477,768 respectively, in interest-free loans made by the organization during the years ended December 31, 2009 and 2008, and revenues do not include \$3,893,970 and \$3,645,148 respectively, in repayments on loans received during the same periods. In accordance with generally accepted accounting principles, loans made and repayments of loans affect the calculation of the loan balance on the statement of financial position and are not shown as income or expenses.

**COAST GUARD MUTUAL ASSISTANCE, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31,:

	<u><b>2009</b></u>	<u><b>2008</b></u>
Furniture and equipment	\$ 8,453	\$ 8,453
Software redevelopment	197,990	171,095
Computer software	<u>514,050</u>	<u>514,050</u>
TOTAL PROPERTY AND EQUIPMENT	720,493	693,598
Less: Accumulated depreciation	<u>(558,504)</u>	<u>(522,504)</u>
NET PROPERTY AND EQUIPMENT	\$ <u>161,989</u>	\$ <u>171,094</u>

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u><b>2009</b></u>	<u><b>2008</b></u>
Funds pledged for the next calendar year	\$ 690,000	\$ 650,000
Survivor benefits information service	66,220	75,175
Financial education workshops	<u>21,907</u>	<u>21,907</u>
TOTAL	\$ <u>778,127</u>	\$ <u>747,082</u>

Net assets were released from restriction by incurring expenses satisfying the restricted purpose or by occurrence of other events.

Restriction accomplished:

	<u><b>2009</b></u>	<u><b>2008</b></u>
Expiration of time restriction	\$ 650,000	\$ 610,000
Survivor benefits program	<u>8,955</u>	<u>6,965</u>
TOTAL	\$ <u>658,955</u>	\$ <u>616,965</u>

**COAST GUARD MUTUAL ASSISTANCE, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**(Continued)**

**NOTE 8 - CONTRIBUTED SERVICES AND FACILITIES**

Some property and equipment used by CGMA in its operations is the property of the U.S. Coast Guard. The organization also receives substantial benefit from services donated by members of the Coast Guard, including administrative and fundraising assistance. CGMA occupies space leased by the Coast Guard which is provided to CGMA at no charge. The value of donated facilities was estimated at \$109,919 and \$107,022 during the years ended December 31, 2009 and 2008, respectively. These donated facilities are recorded in the financial statements as revenue and rent expense.

**NOTE 9 - RETIREMENT PLAN**

CGMA provides a salary deferral arrangement which is qualified under Section 403(b) of the Internal Revenue Code. All employees are eligible to participate in the plan. CGMA matches 100% of employee contributions up to 5% of the employee's annual compensation. CGMA matching contributions for the years ended December 31, 2009 and 2008 were \$18,188 and \$15,091, respectively.

**NOTE 10 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 16, 2010, the date which the financial statements were available for issue.