

CED Financial Statement
Frequently Asked Questions

1. How did CED do in FY 2009?

Although a deep recession created a challenging year for all nonprofits, CED ended with an operating cash surplus of \$17,663. We achieved this through a combination of fundraising and cost reductions. The organization experienced a drop in net assets due primarily to accumulated depreciation of furniture, equipment and software, and a drop in the value of the funds held in an investment account.

2. What steps are you taking to address the loss in value of investment funds?

CED's account is held in a fund managed by Triangle Community Foundation. We currently have selected the most conservative investment strategy available through TCF. CED's audit committee of the Board of Directors reviews the investments occasionally throughout the year.

3. Where does CED's revenue come from?

Primarily from members, corporate sponsors, and fees to attend programs. CED also receives revenue from 42 companies that participate in the *Innovation to Impact II* campaign, a five-year commitment to support CED's activities at a higher level. In FY 2009, these funds totaled nearly \$340,000.

4. What do you use those *Innovation to Impact II* funds for?

To close the gap between the amount CED spends to offer educational programs and conferences for startup and growth stage companies, and the amount collected from those activities. *Innovation to Impact II* companies generously help offset the expense for CED's programs to entrepreneurs who otherwise cannot afford to pay the full cost for these services.

5. How are these funds received?

Innovation to Impact II companies have pledged funds to CED over a 5-year period. The total amount of pledged funds was booked on an accrual basis for tax purposes in FYs 2007 and 2008, although the actual dollars are ratably disbursed to CED annually.

6. Does this explain the difference between your audited financial statement and your IRS Form 990?

Yes. Our audited financials reflect statements of activities and changes in net assets on a hybrid cash and accrual basis taking into consideration the actual receipt of *Innovation to Impact II* pledges during the year.

7. Can I join the *Innovation to Impact II* campaign?

You bet! You can contact Stephanie Dorko Austin at sdorko@cednc.org for details. She is happy to accept contributions to CED in all forms.

8. What steps are you taking to address concerns about separation of duties noted in the audit?

This is a common issue for small nonprofits, but we take stewardship of our resources very seriously. Since the item was brought to our attention, we have added an extra layer of oversight to check-writing authorization, and implemented a monthly review of CED's bank statements by the treasurer, a member of the executive committee of the Board of Directors. These changes have been shared with the auditors.

9. Where can I find more information about CED's finances?

We have posted our audited financials on our website in a PDF version. CED members are invited to attend an annual meeting, usually held in June, when the treasurer reports on the organization's financial activities. Or you can call CED president Joan Siefert Rose with questions at (919) 549-7500, ext. 122, or contact her by email at jsrose@cednc.org.