

FAMILY ADVOCACY
AND
COMMUNITY TRAINING, INC.

FINANCIAL STATEMENTS

JUNE 30, 2011

SMITH PATRICK LLC

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Family Advocacy and Community Training, Inc.
St. Charles, Missouri

We have audited the accompanying statements of financial position of Family Advocacy and Community Training, Inc. (a non-profit organization) as of June 30, 2011 and the related statements of activities, cash flows, and functional expenses 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 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 Family Advocacy and Community Training, Inc. as of June 30, 2011 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule presented on page 10 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 basis financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Smith Patrick LLC, CPA's
Smith Patrick LLC, CPA's

October 31, 2011

FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS:

Current Assets:

Cash and cash equivalents	\$ 351,542.38
Grants receivable	92,996.73
Prepaid expenses	16,983.36
Total Current Assets	<u>461,522.47</u>

Property and Equipment:

Office furniture and equipment	68,410.71
Leasehold improvements	120,278.40
	<u>188,689.11</u>
Less: accumulated depreciation	(169,613.54)
Total Property and Equipment	<u>19,075.57</u>

Other Assets:

Restricted cash-endowment funds & temporarily restricted	27,950.60
Total Other Assets	<u>27,950.60</u>

Total Assets	<u>\$ 508,548.64</u>
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LIABILITIES AND NET ASSETS:

Current Liabilities:

Accounts payable	\$ 14,663.34
Payroll taxes & other withholding payable	628.80
Accrued salaries	18,457.15
Accrued vacations	21,309.28
Total Current Liabilities	<u>55,058.57</u>

Net Assets:

Unrestricted	425,539.47
Temporarily Restricted	6,251.60
Permanently Restricted	21,699.00
Total Net Assets	<u>453,490.07</u>

Total Liabilities and Net Assets	<u>\$ 508,548.64</u>
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See notes to financial statements.

**FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

UNRESTRICTED NET ASSETS:

Revenues and Support:	
Program service fees	\$ 926,344.98
Contributions	9,333.00
Special events (net of expenses of \$24,491.83)	64,124.65
Interest income	1,156.57
Miscellaneous income	2,760.71
Total Unrestricted Support	<u>1,003,719.91</u>
Net assets released from restrictions:	
Restrictions satisfied by payments	17,225.56
Total Unrestricted Support and Reclassifications	<u>1,020,945.47</u>
Expenses:	
Program services:	
Advocacy - DDRB	281,326.09
Advocacy - CCRB	402,257.25
Transition to Success-DDRB	68,907.17
Lincoln County Resource Board	37,434.25
Franklin County Children & Families Community Resources Board	61,216.93
Other Programs	40,701.14
Supporting services	144,778.58
Total Expenses	<u>1,036,621.41</u>
Increase (Decrease) in Unrestricted Net Assets	<u>(15,675.94)</u>

TEMPORARILY RESTRICTED NET ASSETS:

Grants & contributions	15,328.60
Interest income on endowment funds	139.79
Net assets released from donor restrictions	(17,225.56)
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(1,757.17)</u>

PERMANENTLY RESTRICTED NET ASSETS:

Grants & contributions	400.00
Increase (Decrease) in Permanently Restricted Net Assets	<u>400.00</u>

TOTAL INCREASE (DECREASE) IN NET ASSETS (17,033.11)

NET ASSETS, Beginning of year 470,523.18

NET ASSETS, End of year \$ 453,490.07

See notes to financial statements.

FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase (Decrease) in Net Assets	\$ (17,033.11)
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
Depreciation	22,894.97
(Increase) decrease in operating assets:	
Grants receivable	65,391.21
Prepaid expenses	5,572.87
Increase (decrease) in operating liabilities:	
Accounts payable	12,576.32
Payroll taxes & other withholding payable	(331.73)
Accrued expenses	832.81
	<u>89,903.34</u>
Net Cash Provided by Operating Activities	89,903.34

CASH FLOWS FROM INVESTING ACTIVITIES

Change in long-term & restricted cash	1,357.17
Purchase of property and equipment	(4,106.74)
	<u>(2,749.57)</u>
Net Cash Used By Investing Activities	(2,749.57)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments under capital lease obligation	(3,676.58)
	<u>(3,676.58)</u>
Net Cash Used By Financing Activities	(3,676.58)

INCREASE IN CASH **83,477.19**

CASH, beginning of year 268,065.19

CASH, end of year \$ 351,542.38

Supplemental Information:

Interest paid	338.55
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For purposes of the statement of cash flows, the organization considers all highly liquid investments which are readily converted into cash within 90 days of purchase to be cash equivalents.

**FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011**

	PROGRAM SERVICES							General & Adm Expense	Total Expenses	
	DDRB - Advocacy	CCRB - Advocacy	DDRB - Transitions to Success	LCRB-Family Support & Advocacy	Family Support & Advocacy	DDRB - People First	Other Programs			Total Program Services
Salaries	\$150,946.27	\$ 217,695.44	\$ 41,527.32	\$ 21,286.51	\$ 35,206.74	\$ 3,768.45	\$ -	\$ 470,430.73	\$ 64,796.42	\$ 535,227.15
Payroll taxes	12,434.12	18,277.73	2,851.70	1,747.87	3,021.70	280.94	-	38,614.06	5,339.59	43,953.65
Employee benefits	20,835.67	15,210.33	4,889.27	2,349.48	3,476.13	578.46	-	47,339.34	9,639.45	56,978.79
Supplies	21,467.46	23,868.55	3,013.79	1,070.04	2,082.53	1,204.82	1,220.41	53,927.60	6,930.68	60,858.28
Equipment rental	1,635.29	3,872.21	445.20	160.82	314.05	137.11	-	6,564.68	996.53	7,561.21
Communications	4,993.57	7,461.62	1,358.99	505.86	939.48	420.65	-	15,680.17	3,052.81	18,732.98
Training, seminars and conferences	18,409.54	18,939.29	841.30	444.13	444.01	2,998.94	3,850.00	45,927.21	1,921.38	47,848.59
Mileage	3,209.04	17,465.55	1,528.62	2,977.09	4,619.72	889.41	-	30,689.43	1,446.68	32,136.11
Client services	218.37	10,869.04	59.19	2,068.52	1,829.71	18.96	6,408.12	21,471.91	135.23	21,607.14
Professional services	15,609.94	23,175.24	4,227.70	1,458.97	2,888.58	8,288.54	270.00	55,918.97	30,245.95	86,164.92
Dues & subscriptions	885.52	665.47	120.78	62.91	63.75	188.66	-	1,987.09	275.88	2,262.97
Insurance	1,517.98	2,259.07	420.26	216.99	248.73	69.77	-	4,732.80	768.95	5,501.75
Rent	20,712.69	30,950.34	5,637.94	2,017.18	3,980.76	1,748.92	-	65,047.83	12,639.75	77,687.58
Building maintenance	1,234.04	1,084.30	190.80	99.28	106.59	59.35	-	2,774.36	454.31	3,228.67
Awards & refreshments	545.50	895.11	148.36	77.23	576.96	235.65	6,935.39	9,414.20	317.73	9,731.93
Miscellaneous expense	127.97	191.14	34.67	18.03	18.27	11.06	190.00	591.14	172.57	763.71
Recruiting & advertising	329.71	492.51	89.39	46.56	47.17	28.60	-	1,033.94	204.16	1,238.10
Interest expense	-	-	-	-	-	-	-	-	338.55	338.55
Development/fundraising	-	-	-	-	-	-	-	-	1,404.36	1,404.36
Scholarships	-	-	-	-	-	-	-	-	500.00	500.00
Total Expenses	275,112.68	393,372.94	67,385.28	36,607.47	59,864.88	20,928.29	18,873.92	872,145.46	141,580.98	1,013,726.44
before Depreciation										
Depreciation	6,213.41	8,884.31	1,521.89	826.78	1,352.05	472.66	426.27	19,697.37	3,197.60	22,894.97
Total Expenses	\$281,326.09	\$ 402,257.25	\$ 68,907.17	\$ 37,434.25	\$ 61,216.93	\$ 21,400.95	\$ 19,300.19	\$ 891,842.83	\$ 144,778.58	\$ 1,036,621.41

See notes to financial statements.

FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities. The Organization is a non-profit corporation, incorporated May 22, 1987 to enhance the opportunities and quality of life for children and youth with disabilities. The Organization achieves this objective through parent training, direct advocacy, community education, mediation, self-advocacy and referral for those families in need in St. Charles County, Missouri. As a nonprofit organization as described in Section 501(c) (3) of the Internal Revenue Code it is exempt from federal and state income taxes.

Basis of Accounting. The Organization's policy is to prepare its financial statements on the accrual basis of accounting.

Financial Statement Presentation. As required by the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification, the Organization is required to report 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.

Use of Estimates. The preparation of financial statements in conformity with U.S. 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.

Property and Equipment. Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Assets purchased through capital leases are included as property and equipment. Depreciation is computed using primarily the straight-line method over estimate useful lives of mainly five years, including capital lease assets. Leasehold improvements are depreciated over the term of the lease which is five years. The Organization's policy for planned major maintenance activities is direct expense.

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

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Expenses and Unit Cost Allocations. The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events. The Organization has evaluated subsequent events for potential recognition or disclosure through October 31, 2011, which is the date the financial statements were (available to be) issued.

NOTE B: RESTRICTED NET ASSETS

Permanently restricted net assets consist of two endowment funds set up for the purpose of generating income for awarding scholarships, the Dees Scholarship and the Paul Clark Scholarship. The endowment fund is invested in certificates of deposit and money market funds only. \$400 was donated to the Paul Clark Scholarship during this fiscal year giving it a balance of \$2,250 and the Dees Scholarship balance remains at \$19,449. Interest earned on these funds of \$139.79 is available for scholarships and is added to the temporarily restricted fund balance for scholarship.

**FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

The Scholarship fund is available for the purpose of granting scholarships to LD and BD students who are planning to participate in post high school training or education. The temporarily restricted net assets for scholarships consist of donations for scholarships and interest earned on both the permanently and temporarily restricted funds less scholarships awarded.

Net assets released from donor restrictions are as follows:

Cardinals Care school supplies project	\$	326.29
Harmon Charitable Foundation		10,098.67
DDRB conference grant		3,850.00
FCCRB grant		2,450.60
Scholarship		500.00
	<u>\$</u>	<u>17,225.56</u>

Temporarily restricted net assets consisted of the following at June 30, 2011:

Scholarship Fund	\$	1,478.55
Harmon Charitable Foundation		1,246.45
Cardinals Care school supplies project		3,526.60
	<u>\$</u>	<u>6,251.60</u>

NOTE C: PROGRAM SERVICE FEES

The Organization receives funding from The Community and Children's Resource Board of St. Charles (CCRB) and the Developmental Disabilities Resource Board of St. Charles County (DDRB). The CCRB grant is a purchase of service grant and the DDRB grants are reimbursement type grants. Grants for family support and advocacy services continue with Lincoln County and Franklin County on a purchase of service basis. The Organization also receives service fees from various other sources such as parents and outside contracts.

The CCRB grant and DDRB grant represent 48% and 44% respectively of total revenues and support for the year.

UNRESTRICTED:	Support	Receivable Bal at 6/30/11
The Community and Children's Resource Board of St. Charles Co (CCRB): Advocacy	\$ 440,591.85	\$ 37,095.63
Developmental Disabilities Resource Board of St. Charles Co (DDRB):		
Advocacy	315,545.67	43,451.40
Transitions to Success	72,798.00	-
People First	17,107.00	-
Lincoln County Resource Board (LCRB):		
Family support and advocacy	18,847.51	3,797.50
Franklin County Resource Board (FCCRB):		
Family support and advocacy	57,659.95	7,792.20
Parent fees & miscellaneous	3,795.00	860.00
	<u>\$ 926,344.98</u>	<u>\$ 92,996.73</u>
TEMPORARILY RESTRICTED:		
DDRB grant	\$ 3,850.00	\$ -
FCCRB grant	2,450.60	
Cardinals Care grant	1,000.00	
Harmon Charitable Foundation grant	8,028.00	
	<u>\$ 15,328.60</u>	<u>\$ -</u>

**FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

All receivables are stated at the amount management expects to collect and there are no allowances deemed necessary for uncollectible balances. Management provides for probable uncollectible amounts through a provision for bad debt and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants and contracts. There were not any uncollectible receivables recognized during this fiscal year. Since the Organization receives a substantial amount of its support from government agencies, a reduction in the level of this support, if this were to occur, may have an effect of the Organization's programs and activities.

NOTE D: LEASES

The Organization leases building space under an operating lease expiring Feb 28, 2016. Rental expense for the year was \$77,688. The Organization also leases several pieces of office equipment under operating leases for \$7,561 and under a capital lease (Docuware software) for \$3,677 (final year) during this fiscal year

Future minimum lease payments under all leases are as follows:

	Building	Operating Leases	Total
2012	\$ 67,891	\$ 6,960	\$ 74,851
2013	67,891	6,960	74,851
2014	68,205	5,875	74,080
2015	69,463	2,975	72,438
2016	52,805	-	52,805
	<u>\$ 326,255</u>	<u>\$ 22,770</u>	<u>\$ 349,025</u>

Property and equipment includes \$16,232 of capital leases, and there is \$16,232 of accumulated depreciation on capital leases at 6/30/11.

NOTE E: COMMITMENTS AND CONTINGENCIES

The Organization contracts with several agencies to provide services. The contracts specify rates of payments based upon budgeted cost information submitted by the Organization. The agencies retain the right to request reimbursement for overpayments in cases where they determine that the Organization has failed to fulfill the conditions of the contract. In addition, certain grant funds have been expended for purposes specified in the applicable grant agreements. The grantor has retained the right to require repayment of these funds if the Organization ceases to perform its services over a stipulated period of time as specified in the grant agreements.

NOTE F: FAIR VALUE MEASUREMENTS

The following methods and assumptions were used to determine the fair value of each class of financial instruments:

Cash and cash equivalents-Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

The fair value measurements and levels within the fair value hierarchy of those measurements for the financial instruments reported at fair value on a recurring basis at June 30, 2011 are the same as the carrying amounts, all of which are level 1. There were no transfers between levels in the year ended June 30, 2011.

FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE G: CONDITIONAL PROMISES TO GIVE

DDRB has awarded up to \$318,593 for advocacy, \$26,482 for People First and \$72,798 for Transitions for Success for the period July 1, 2011 to June 30, 2012 for certain services and reimbursements, the CCRB has awarded up to \$480,245 and the Lincoln County Resource Board (LCRB) has awarded \$20,650 for the 2011 year, and the Franklin County Resource Board (FCCRB) has awarded up to \$8,440 for the period from June 1, 2011 to December, 2011 . The CCRB, LCRB and FCCRB grants are purchase of service contracts which are currently in progress.

NOTE H: CONCENTRATIONS

The cash balances held at PNC Bank at June 30, 2011 were greater than the FDIC insurance coverage of \$250,000, and the bank has not pledged collateral for the balance of \$155,346.

NOTE I: DEFERRED COMPENSATION

The organization has a 403(b) deferred compensation program. The organization does not provide any matching funds on this salary deferral.

FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
SCHEDULE OF PROGRAM EXPENSES / UNIT COST CALCULATIONS
FOR THE YEAR ENDED JUNE 30, 2011

	Total Expenses	Support/ Indirect	DDRB - Advocacy	CCRB - Advocacy	DDRB - Transitions to Success	LCRB-Family Support & Advocacy	FCCRB- Family Support &	DDRB - People First	Other Programs
Salaries	\$ 535,227.15	\$ 64,796.42	\$ 150,946.27	\$ 217,695.44	\$ 41,527.32	\$ 21,266.51	\$ 35,206.74	\$ 3,768.45	\$ -
Payroll taxes	43,953.65	5,339.59	12,434.12	18,277.73	2,851.70	1,747.87	3,021.70	280.94	-
Employee benefits	56,978.79	9,639.45	20,835.67	15,210.33	4,889.27	2,349.48	3,476.13	578.46	-
Supplies	60,858.28	6,930.68	21,467.46	23,868.55	3,013.79	1,070.04	2,082.53	1,204.82	1,220.41
Equipment rental	7,561.21	996.53	1,635.29	3,872.21	445.20	160.82	314.05	137.11	-
Communications	18,732.98	3,052.81	4,993.57	7,461.62	1,358.99	505.86	939.48	420.65	-
Training, seminars and conferences	47,848.59	1,921.38	18,409.54	18,939.29	841.30	444.13	444.01	2,998.94	3,850.00
Mileage	32,136.11	1,446.68	3,209.04	17,465.55	1,528.62	2,977.09	4,619.72	889.41	-
Client services	21,607.14	135.23	218.37	10,869.04	59.19	2,068.52	1,829.71	18.96	6,408.12
Professional services	86,164.92	30,245.95	15,609.94	23,175.24	4,227.70	1,458.97	2,888.58	8,288.54	270.00
Dues & subscriptions	2,262.97	275.88	885.52	665.47	120.78	62.91	63.75	188.66	-
Insurance	5,501.75	768.95	1,517.98	2,259.07	420.26	216.99	248.73	69.77	-
Rent	77,687.58	12,639.75	20,712.69	30,950.34	5,637.94	2,017.18	3,980.76	1,748.92	-
Building maintenance	3,228.67	454.31	1,234.04	1,084.30	190.80	99.28	106.59	59.35	-
Awards & refreshments	9,731.93	317.73	545.50	895.11	148.36	77.23	576.96	235.65	6,935.39
Miscellaneous expense	763.71	172.57	127.97	191.14	34.67	18.03	18.27	11.06	190.00
Recruiting & advertising	1,238.10	204.16	329.71	492.51	89.39	46.56	47.17	28.60	-
Depreciation	22,894.97	3,197.60	6,213.41	8,884.31	1,521.89	826.78	1,352.05	472.66	426.27
Interest expense	338.55	338.55	-	-	-	-	-	-	-
Subtotal	1,034,717.05	142,874.22	281,326.09	402,257.25	68,907.17	37,434.25	61,216.93	21,400.95	19,300.19
Support and Administration									
Costs Allocation		(142,874.22)	45,068.75	64,442.06	11,039.01	5,997.01	9,807.02	3,428.46	3,091.91
Total Program Expenses	1,034,717.05	\$ -	\$ 326,394.84	\$ 466,699.31	\$ 79,946.18	\$ 43,431.26	\$ 71,023.95	\$ 24,829.41	\$ 22,392.10
Development expense	1,404.36								
Scholarships	500.00								
Total agency expenses	\$ 1,036,621.41								
Units provided				6,663.60		592.18	1,039.00		
Unit Cost - Actual				\$ 70.04		\$ 73.34	\$ 68.36		

See notes to financial statements.

