

FAMILY SUPPORT NETWORK
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009
AND
INDEPENDENT AUDITORS' REPORT

Family Support Network

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	2
Statements of Activities	3
Statements of Functional Expenses	4 - 5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7 - 11



Independent Auditors' Report

Board of Directors
Family Support Network
St. Louis, Missouri

We have audited the accompanying statements of financial position of Family Support Network (a Missouri not-for-profit corporation) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the management of Family Support Network. Our responsibility is to express an opinion on these financial statements based on our audits.

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 our audits provide a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Family Support Network as of December 31, 2010 and 2009, 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.

Schmersahl Treloar & Co, PC

March 15, 2011

FINANCIAL STATEMENTS

Family Support Network
STATEMENTS OF FINANCIAL POSITION

ASSETS		December 31,	
		2010	2009
CURRENT ASSETS			
Cash and cash equivalents		\$ 332,565	\$ 344,718
Accounts receivable		89,489	123,565
Pledge receivable		164,084	156,684
Total Current Assets		586,138	624,967
PROPERTY AND EQUIPMENT, Net		4,675	7,012
TOTAL ASSETS		\$ 590,813	\$ 631,979
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable		\$ 9,673	\$ 6,098
Accrued expenses		23,563	26,327
Total Current Liabilities		33,236	32,425
NET ASSETS			
Unrestricted available for general use		233,294	285,766
Temporarily restricted		324,283	313,788
Total Net Assets		557,577	599,554
TOTAL LIABILITIES AND NET ASSET		\$ 590,813	\$ 631,979

See accompanying notes to financial statements

Family Support Network
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2010		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
United Way	\$ 11,054	\$ 164,084	\$ 175,138
Contractual services:			
Productive Living Board	51,158	-	51,158
City of St. Louis Developmental Disabilities Resources	31,768	-	31,768
Saint Louis University	8,489	-	8,489
St. Louis County Children's Service Fund	99,631	-	99,631
Missouri Children's Division	-	-	-
Government Funding			
Mental Health Board	51,414	51,316	102,730
Children's Trust Fund	25,982	-	25,982
Medicaid	-	-	-
Individual Contributions	43,313	10,000	53,313
Foundation Contributions	116,519	85,000	201,519
Fundraising events	284,386	-	284,386
Interest income	990	-	990
Other	2,811	-	2,811
Net assets released from restrictions	<u>299,905</u>	<u>(299,905)</u>	<u>-</u>
 Total Support and Revenue	 <u>1,027,420</u>	 <u>10,495</u>	 <u>1,037,915</u>
 EXPENSES			
Program services	744,871	-	744,871
Management and general	120,830	-	120,830
Fundraising	<u>214,191</u>	<u>-</u>	<u>214,191</u>
 Total Expenses	 <u>1,079,892</u>	 <u>-</u>	 <u>1,079,892</u>
 CHANGE IN NET ASSETS	 <u>(52,472)</u>	 <u>10,495</u>	 <u>(41,977)</u>
 NET ASSETS, Beginning of year	 <u>285,766</u>	 <u>313,788</u>	 <u>599,554</u>
 NET ASSETS, End of year	 <u>\$ 233,294</u>	 <u>\$ 324,283</u>	 <u>\$ 557,577</u>

See accompanying notes to financial statements

Year Ended December 31, 2009

Unrestricted	Temporarily Restricted	Total
\$ 1,184	\$ 156,684	\$ 157,868
39,839	-	39,839
31,010	-	31,010
-	-	-
-	-	-
52,875	-	52,875
108,373	41,694	150,067
19,323	-	19,323
11,000	-	11,000
55,789	10,000	65,789
151,350	93,000	244,350
334,875	-	334,875
1,623	-	1,623
2,882	-	2,882
<u>199,411</u>	<u>(199,411)</u>	<u>-</u>
<u>1,009,534</u>	<u>101,967</u>	<u>1,111,501</u>
702,275	-	702,275
76,042	-	76,042
<u>226,483</u>	<u>-</u>	<u>226,483</u>
<u>1,004,800</u>	<u>-</u>	<u>1,004,800</u>
4,734	101,967	106,701
<u>281,032</u>	<u>211,821</u>	<u>492,853</u>
<u>\$ 285,766</u>	<u>\$ 313,788</u>	<u>\$ 599,554</u>

Family Support Network
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2010

	Program Services			Supporting Services			Total
	Project First Step	School Links	Total Program Services	Management and General	Fund- raising	Total Supporting Services	
Salary and wages	\$306,930	\$184,991	\$491,921	\$ 39,905	\$ 73,064	\$112,969	\$ 604,890
Payroll taxes	24,565	14,936	39,501	3,254	5,943	9,197	48,698
Fringe benefits	39,343	18,198	57,541	2,004	5,857	7,861	65,402
Assistance to individuals	2,966	52	3,018	-	-	-	3,018
Communications	6,372	3,920	10,292	539	1,053	1,592	11,884
Depreciation	1,273	546	1,819	193	325	518	2,337
Equipment, rental, and maintenance	15,870	7,457	23,327	9,726	3,855	13,581	36,908
Fundraising	35	-	35	-	84,682	84,682	84,717
Insurance	3,349	1,116	4,465	529	881	1,410	5,875
Marketing	991	619	1,610	9,515	3,244	12,759	14,369
Membership dues	5,469	2,189	7,658	4,615	1,272	5,887	13,545
Occupancy	23,185	9,157	32,342	15,996	5,986	21,982	54,324
Other	4,281	2,325	6,606	2,707	2,085	4,792	11,398
Postage	-	-	-	100	586	686	686
Printing	-	-	-	9,328	9,100	18,428	18,428
Professional fees	26,439	7,799	34,238	16,197	15,306	31,503	65,741
Supplies	2,462	1,379	3,841	4,749	292	5,041	8,882
Travel	19,799	6,858	26,657	1,473	660	2,133	28,790
	<u>\$483,329</u>	<u>\$261,542</u>	<u>\$744,871</u>	<u>\$120,830</u>	<u>\$214,191</u>	<u>\$335,021</u>	<u>\$1,079,892</u>

See accompanying notes to financial statements

Family Support Network
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2009

	Program Services			Supporting Services			Total
	Project First Step	School Links	Total Program Services	Management and General Fundraising	Total Supporting Services		
Salary and wages	\$362,228	\$ 80,971	\$443,199	\$47,989	\$ 79,430	\$127,419	\$ 570,618
Payroll taxes	29,382	6,568	35,950	3,893	6,443	10,336	46,286
Fringe benefits	44,075	9,852	53,927	5,840	9,665	15,505	69,432
Assistance to individuals	1,032	231	1,263	136	226	362	1,625
Communications	7,029	1,571	8,600	932	1,541	2,473	11,073
Depreciation	1,619	362	1,981	214	355	569	2,550
Equipment, rentals, and maintenance	7,286	1,629	8,915	965	1,598	2,563	11,478
Fundraising	-	-	-	-	100,621	100,621	100,621
Insurance	11,899	2,660	14,559	1,576	2,609	4,185	18,744
Marketing	17,886	3,998	21,884	2,370	3,922	6,292	28,176
Membership dues	4,430	990	5,421	587	971	1,558	6,979
Occupancy	36,925	8,254	45,179	4,892	8,097	12,989	58,168
Other	5,477	1,224	6,701	726	1,201	1,927	8,628
Postage	2,563	573	3,136	340	562	901	4,037
Printing	7,796	1,743	9,539	1,033	1,710	2,742	12,281
Professional services	15,600	3,487	19,087	2,067	3,421	5,488	24,575
Supplies	3,982	890	4,872	528	873	1,401	6,273
Travel	14,763	3,300	18,063	1,956	3,237	5,193	23,256
	<u>\$573,972</u>	<u>\$128,303</u>	<u>\$702,275</u>	<u>\$76,042</u>	<u>\$226,483</u>	<u>\$302,525</u>	<u>\$1,004,800</u>

See accompanying notes to financial statements

Family Support Network
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$ 41,977)	\$ 106,701
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,337	2,550
(Increase) decrease in assets:		
Accounts receivable	34,076	(91,067)
Pledge receivable	(7,400)	5,297
Prepaid expenses	-	500
Increase (decrease) in liabilities:		
Accounts payable	3,575	(6,328)
Accrued expenses	(2,764)	1,352
Net Change in Cash from Operating Activities	(12,153)	19,005
NET CHANGE IN CASH AND CASH EQUIVALENTS	(12,153)	19,005
CASH AND CASH EQUIVALENTS, Beginning of year	344,718	325,713
CASH AND CASH EQUIVALENTS, End of year	\$ 332,565	\$ 344,718

See accompanying notes to financial statements

Family Support Network
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Network

Family Support Network (the “Network”) is a Missouri not-for-profit corporation whose mission is to promote the prevention of child abuse and neglect, through home based family treatment, education, and research. The primary activity of the Network is *Project First Step*, a no-cost program administered by master’s level licensed therapists who provide no-cost in-home family therapy, parent education, resource referral and follow-up services to families with young children at risk of child abuse and neglect. The program helps families to build the skills necessary for positive parenting, as well as conflict and stress management, so that they can provide a safe, nurturing home for their children.

Method of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

Financial statement presentation follows the requirements of U.S. generally accepted accounting principles. Therefore, Family Support Network reports its financial position and activities according to three classes of net assets: unrestricted net assets; temporarily restricted net assets; and permanently restricted net assets.

Unrestricted Net Assets – Represent those net assets whose use is not restricted by donors. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets – Represent those net assets whose use has been limited by donor-imposed stipulations that specify expenditures, expire by passage of time, or can be fulfilled and removed by actions of the Networks’ board pursuant to those stipulations.

Permanently Restricted Net Assets – Represent those net assets that must be maintained in perpetuity, the income of which is to be used for operations or programs. As of December 31, 2010 and 2009, the Network had no permanently restricted net assets.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to Family Support Network, that is, in substance, unconditional. Restricted contributions which are received and expended in the same fiscal year are reported as increases in unrestricted net assets including restricted contributions expended on long-lived assets. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Family Support Network
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Cash and Cash Equivalents

Family Support Network considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

For cash flow reporting purposes, no cash payments relating to interest or income tax were made during 2010 and 2009.

Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, prepaid expenses, accounts payable, and accrued expenses reported in the Statements of Financial Position approximate fair values due to the short-term maturities of those instruments.

Property and Equipment

Property and equipment with a value over \$500 are recorded at cost or, if donated, at the fair value at the date of donation. Major renewals and improvements are capitalized while replacements, maintenance, and repairs, which do not materially extend the useful lives of the assets, are expensed.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets which range from five to seven years.

Statements of Functional Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

Family Support Network qualifies as a nonprofit organization and is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization does not have unrelated business income, excise taxes or activities that would threaten the Organization's tax-exempt status.

Family Support Network
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Income Taxes (Continued)

Accordingly, no provision for federal or state income taxes is provided. The Organization files an information return, IRS Form 990.

The Organization adopted the provisions relating to Accounting for Uncertainty in Income Taxes and management is not aware of any uncertain tax positions of the Organization related to the tax filings.

Reclassification

Certain amounts in prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Subsequent Events

In preparing these financial statements, the Network has evaluated events and transactions for potential recognition or disclosure through March 15, 2011, the date the financial statements were available to be issued.

B. **PLEDGES RECEIVABLE**

Unconditional promises to give are recognized as support in the period in which the promise is made by the donor. Pledges receivable are collectible in less than one year.

The face value of all pledges receivable approximates the present value of \$164,084 and \$156,684 at December 31, 2010 and 2009, respectively. The Network considers promises to give to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

C. **PROPERTY AND EQUIPMENT**

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

	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$61,638	\$61,638
Less accumulated depreciation	<u>56,963</u>	<u>54,626</u>
	<u>\$ 4,675</u>	<u>\$ 7,012</u>

Depreciation expense was \$2,337 and \$2,550 for the years ended December 31, 2010 and 2009, respectively.

Family Support Network
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009
(Continued)

D. ACCRUED COMPENSATED ABSENCES

Employees, after completing six months of service, are eligible to take vacation time up to, but not exceeding, the amount of time accrued not to exceed twelve days, unless approved by the Executive Director. Accrued vacation was \$11,298 and \$26,327 for the years ended December 31, 2010 and 2009, respectively.

E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	December 31,	
	2010	2009
United Way	\$164,084	\$156,684
St. Louis Mental Health Board	51,316	41,694
Missouri Foundation for Health		
Basic Support	4,000	40,000
Evaluation Project	2,389	18,000
Express Scripts		
Branding/Fundraising	7,494	12,410
Project First Step	35,000	35,000
Lutheran Foundation	38,000	-
Other	22,000	10,000
	\$324,283	\$313,788

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or by passage of time as follows:

	December 31,	
	2010	2009
United Way	\$156,684	\$161,981
Express Scripts		
Branding	4,916	27,430
Project First Step	35,000	-
Missouri Foundation for Health		
Basic Support	36,000	4,000
Evaluation Project	15,611	-
St. Louis Mental Health Board	41,694	-
Other	10,000	10,000
	\$299,905	\$199,411

Family Support Network
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009
(Continued)

F. **COMMITMENTS**

The Network leases its office under an operating lease along with multiple equipment leases with various expiration dates. The following is a schedule of the future minimum rental payments required under these leases that have remaining noncancellable lease terms in excess of one year as of December 31, 2010:

<u>Year Ending</u> <u>December 31,</u>	
2011	\$57,518
2012	5,496
2013	2,668
2014	<u>2,001</u>
Total	<u>\$67,683</u>

Lease expense for the years ending December 31, 2010 and 2009 was \$60,594 and \$60,678, respectively.

G. **RETIREMENT PLAN**

The Network provides a 403(b) Employee Retirement Plan for full-time employees. The Network will match employee contributions dollar per dollar contributed up to a maximum of \$1,200 per employee. Matching contributions of \$6,400 and \$10,950 were made for the years ended December 31, 2010 and 2009, respectively.