

**FAMILY ADVOCACY
AND
COMMUNITY TRAINING, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Family Advocacy and Community Training, Inc.
800 Friedens Rd
St. Charles, MO 63303

We have audited the accompanying statement of financial position of Family Advocacy and Community Training, Inc. (a non-profit organization) as of June 30, 2009, and the related statements of activity, functional expenses and cash flows for the year 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 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 Family Advocacy and Community Training, Inc. as of June 30, 2009, and the changes in its net assets and its cash flows for the year 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 11 is presented for the 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 basic 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

Smith Patrick LLC, CPA'S
October 20, 2009

FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS:

Current Assets:

Cash	\$ 204,403.00
Grants receivable	141,999.29
Prepaid expenses	16,001.53
Total Current Assets	<u>362,403.82</u>

Property and Equipment:

Office furniture and equipment	79,499.47
Leasehold improvements	120,278.40
	<u>199,777.87</u>
Less: accumulated depreciation	(128,612.13)
Total Property and Equipment	<u>71,165.74</u>

Other Assets:

Restricted cash-endowment funds & temporarily restricted	25,583.10
Total Other Assets	<u>25,583.10</u>

Total Assets	<u><u>\$ 459,152.66</u></u>
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LIABILITIES AND NET ASSETS:

Current Liabilities:

Accounts payable	\$ 21,833.78
Payroll taxes payable	1,442.18
Accrued salaries	13,058.01
Accrued vacations	17,328.00
Capital lease payable-SBP	3,611.69
Total Current Liabilities	<u>57,273.66</u>

Long Term Liabilities:

Capital lease payable-SBP	<u>3,676.58</u>
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Net Assets:

Unrestricted	372,619.32
Temporarily Restricted	5,284.10
Permanently Restricted	20,299.00
Total Net Assets	<u>398,202.42</u>

Total Liabilities and Net Assets	<u><u>\$ 459,152.66</u></u>
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See notes to financial statements.

FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
STATEMENT OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2009

UNRESTRICTED NET ASSETS:

Revenues and Support:

Program service fees	\$ 1,080,336.20
Contributions	5,786.87
Special events (net of expenses of \$23,289.57)	31,698.26
Interest income	2,674.05
Miscellaneous income	468.89
Total Unrestricted Support	1,120,964.27

Net assets released from restrictions:

Restrictions satisfied by payments	36,345.56
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Total Unrestricted Support and Reclassifications	1,157,309.83
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Expenses:

Program services:	
Advocacy - DDRB	289,849.27
Advocacy - Partnership with Family	434,825.06
Transition to Success-DDRB	72,663.71
Youth in Transitions Service Provision	189,196.55
Other Programs	74,306.91
Supporting services	100,362.77
Total Expenses	1,161,204.27

Increase (Decrease) in Unrestricted Net Assets	(3,894.44)
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TEMPORARILY RESTRICTED NET ASSETS:

Grants	31,917.50
Interest income on endowment funds	507.49
Net assets released from donor restrictions	(36,345.56)

Increase (Decrease) in Temporarily Restricted Net Assets	(3,920.57)
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TOTAL INCREASE (DECREASE) IN NET ASSETS	(7,815.01)
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NET ASSETS, Beginning of year	406,017.43
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NET ASSETS, End of year	\$ 398,202.42
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See notes to financial statements.

FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	PROGRAM SERVICES						General and Administrative	Total Expenses
	Advocacy - DDRB	Advocacy - Partnership with Family	Transitions to Success-DDRB	Transitions Service Provision	Other Programs	Total Program Services		
Salaries	\$ 151,321.91	\$ 224,224.25	\$ 34,967.60	\$ 97,763.35	\$ 18,479.99	\$ 526,757.10	\$ 57,852.81	\$ 584,609.91
Payroll taxes	13,898.51	17,547.79	2,777.99	7,376.08	1,527.82	43,128.19	4,290.47	47,418.66
Employee benefits	14,996.63	26,967.18	5,181.53	9,114.46	257.64	56,517.44	2,130.32	58,647.76
Supplies	16,979.85	23,692.87	4,750.62	16,401.18	8,187.39	70,011.91	5,610.12	75,622.03
Equipment rental	1,979.27	2,086.40	533.38	649.85	94.96	5,343.86	640.13	5,983.99
Communications	5,642.10	8,083.01	1,790.58	5,907.15	356.09	21,778.93	2,054.80	23,833.73
Training, seminars and conferences	6,041.85	9,185.36	1,882.57	10,274.72	4,790.41	32,174.91	2,103.51	34,278.42
Mileage	2,246.89	8,302.41	39.84	7,641.16	669.67	18,899.97	1,135.75	20,035.72
Client services	2,249.26	8,621.96	609.30	1,098.19	13,136.94	25,715.65	731.10	26,446.75
Contract services	25,275.23	33,876.11	6,810.43	12,704.74	6,458.06	85,124.57	1,737.24	86,861.81
Dues & subscriptions	471.89	947.65	238.58	1,471.42	30.41	3,159.95	152.93	3,312.88
Insurance	1,184.41	1,248.29	318.46	2,150.17	51.98	4,953.31	382.24	5,335.55
Accounting services	7,149.23	10,973.94	2,239.55	-	241.41	20,604.13	1,791.66	22,395.79
Rent	23,565.28	35,896.49	6,354.75	16,544.08	1,393.92	83,754.52	9,165.08	92,919.60
Building maintenance	880.32	928.35	238.67	100.00	53.04	2,200.38	286.41	2,486.79
Awards & refreshments	3,771.77	3,960.12	1,015.19	-	1,609.83	10,356.91	1,269.39	11,626.30
Miscellaneous expense	14.60	15.42	4.05	-	501.61	535.68	2,495.18	3,030.86
Recruiting & advertising	2,192.19	3,283.57	406.66	-	87.66	5,970.08	-	5,970.08
Interest expense							997.46	997.46
Development/fundraising							1,577.71	1,577.71
Accreditation					13,817.50	13,817.50	-	13,817.50
Scholarships							500.00	500.00
Total Expenses before Depreciation	279,861.19	419,841.17	70,159.75	189,196.55	71,746.33	1,030,804.99	96,904.31	1,127,709.30
Depreciation	9,988.08	14,983.89	2,503.96	-	2,560.58	30,036.51	3,458.46	33,494.97
Total Expenses	\$ 289,849.27	\$ 434,825.06	\$ 72,663.71	\$ 189,196.55	\$ 74,306.91	\$ 1,060,841.50	\$ 100,362.77	\$ 1,161,204.27

See notes to financial statements.

FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase (Decrease) in Net Assets	\$ (7,815.01)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
Depreciation	33,494.97
(Increase) decrease in operating assets:	
Grants receivable	(6,566.74)
Prepaid expenses	1,475.70
Increase (decrease) in operating liabilities:	
Accounts payable	11,978.48
Payroll taxes payable	324.66
Accrued expenses	<u>(9,211.20)</u>
Net Cash Provided by Operating Activities	<u>23,680.86</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Change in long-term & restricted cash	<u>3,920.57</u>
Net Cash Used By Investing Activities	<u>3,920.57</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments under capital lease obligation	<u>(3,237.22)</u>
Net Cash Used By Financing Activities	<u>(3,237.22)</u>

INCREASE IN CASH **24,364.21**

CASH, beginning of year 180,038.79

CASH, end of year **\$ 204,403.00**

Supplemental Information:

Interest paid	997.46
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See notes to financial statements.

FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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. 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, 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.

Cash and Cash Equivalents. The Organization considers all highly liquid investments which have an original maturity of three months or less to be cash equivalents.

FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2009

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.

NOTE B: RESTRICTED NET ASSETS

Permanently Restricted net assets consists of two endowment funds set up for the purpose of generating income for awarding scholarships, the Dees Scholarship and the Paul Clark Scholarship.

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	\$ 2,000.00
Harmon Charitable Foundation	11,015.35
Youth in Transition flex funds	9,012.71
Accreditation grant	13,817.50
Scholarship	<u>500.00</u>
	<u>\$ 36,345.56</u>

Temporarily restricted net assets consisted of the following at June 30, 2009:

Scholarship Fund	\$ 2,130.37
Harmon Charitable Foundation	1,153.73
Cardinals Care school supplies project	<u>2,000.00</u>
	<u>\$ 5,284.10</u>

NOTE C: PROGRAM SERVICE FEES

The Organization receives funding from The Children and Family Services Authority of St. Charles County under a grant known as Partnership with Families program (PWF) and the Developmental Disabilities Resource Board of St. Charles County (DDRDB). The PWF grant is a purchase of service grant and the DDRB grants are reimbursement type grants. A new grant for family support and advocacy services began with Lincoln County during this year on a purchase of service basis. St. Louis System of Care Youth In Transitions project ended during this fiscal year. The Organization also receives service fees from various other sources such as parents and outside contracts.

FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2009

The PWF grant and DDRB grant represent 40% and 35% respectively of total revenues and support for the year.

UNRESTRICTED:	Support	Receivable Bal at 6/30/09
The Children & Family Services Authority of St. Charles Co:		
Advocacy (PWF)	\$ 448,890.83	\$ 87,308.92
Developmental Disabilities Resource Board of St. Charles Co (DDRB):		
Advocacy	299,690.54	31,776.83
Transitions to Success	71,371.00	4,819.93
People First	16,327.00	8,614.05
St. Louis System of Care:		
Youth in Transitions Service grant	193,612.80	-
Our Voices Our Choices contract	10,000.00	-
Lincoln County Resource Board:		-
Family support and advocacy	20,794.49	6,339.42
Parent fees & misc receivables	19,649.54	3,140.32
	\$ 1,080,336.20	\$ 141,999.47
 TEMPORARILY RESTRICTED:		
DDRB Capital grant-accreditation	\$ 13,817.50	\$ -
St. Louis System of Care-Flex funds	7,600.00	
Cardinals Care grant	2,000.00	
Harmon Charitable Foundation grant	8,500.00	
	\$ 31,917.50	\$ -

All receivables are stated at the amount management expects to collect and there are no allowances deemed necessary for uncollectible balances. 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, 2011. Rental expense for the year was \$76,361. The Organization also leases several pieces of office equipment under operating leases incurring \$6,406 and under capital leases (Docuware software) incurring \$4,235 during this fiscal year

FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2009

Future minimum lease payments under all leases are as follows:

	<u>Building</u>	<u>Operating Leases</u>	<u>Capital Lease</u>	<u>Total</u>
2010	\$ 77,043	\$ 6,406	4,235	\$ 87,684
2011	52,450	4,104	3,882	60,436
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
	<u>\$ 129,493</u>	<u>\$ 10,510</u>	<u>8,117</u>	<u>\$ 148,120</u>
Less interest part			(828)	
			<u>\$ 7,288</u>	

Property and equipment includes \$18,436 of capital leases, and there is \$13,566 of accumulated depreciation on capital leases at 6/30/09.

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 VALUES OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, include cash, receivables and payables. The organization estimates that the fair value of all financial instruments at June 30, 2009, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

NOTE G: CONDITIONAL PROMISES TO GIVE

DDRB has awarded up to \$318,593 for advocacy, \$17,472 for People First and \$72,798 for Transitions for Success for the period July 1, 2009 to June 30, 2010 for certain services and reimbursements, the St. Charles County Children & Family Service Authority (PWF) has awarded up to \$458,805 for the 2009 calendar year, and the Lincoln County Resource Board (LCRB) has awarded \$41,325 for the 2009 year. The PWF and LCRB grants are purchase of service contracts which are currently in progress.

FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2009

NOTE H: CONCENTRATIONS

The cash balances held at National City Bank at June 30, 2009 were greater than the FDIC insurance coverage of \$250,000, and the bank has not pledged collateral for the balance of \$264.

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.

