

FAMILY ADVOCACY  
AND  
COMMUNITY TRAINING, INC.

FINANCIAL STATEMENTS

JUNE 30, 2012

SMITH PATRICK LLC

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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, 2012 and the related statements of activities, cash flows, and functional expenses 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 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, 2012 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 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 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, CPA's*  
Smith Patrick LLC, CPA's

October 3, 2012

**FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2012**

**ASSETS:**

**Current Assets:**

Cash and cash equivalents	\$ 206,888.30
Grants receivable	161,259.68
Investments	104,428.07
Prepaid expenses	23,008.47
<b>Total Current Assets</b>	<b><u>495,584.52</u></b>

**Property and Equipment:**

Office furniture and equipment	68,410.71
Leasehold improvements	120,278.40
	<u>188,689.11</u>
Less: accumulated depreciation	(181,280.14)
<b>Total Property and Equipment</b>	<b><u>7,408.97</u></b>

**Other Assets:**

Restricted cash-endowment fund and temporarily restricted	<u>30,171.00</u>
<b>Total Other Assets</b>	<b><u>30,171.00</u></b>

<b>Total Assets</b>	<b><u>\$ 533,164.49</u></b>
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**LIABILITIES AND NET ASSETS:**

**Current Liabilities:**

Accounts payable	\$ 3,646.31
Payroll taxes & other withholding payable	3,663.00
Accrued salaries	22,905.46
Accrued vacations	24,779.80
<b>Total Current Liabilities</b>	<b><u>54,994.57</u></b>

**Net Assets:**

Unrestricted	447,998.92
Temporarily Restricted	8,472.00
Permanently Restricted	21,699.00
<b>Total Net Assets</b>	<b><u>478,169.92</u></b>

<b>Total Liabilities and Net Assets</b>	<b><u>\$ 533,164.49</u></b>
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See notes to financial statements.

**FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**UNRESTRICTED NET ASSETS:**

Revenues and Support:	
Program service fees	\$ 1,044,091.83
Contributions	11,655.00
Special events (net of expenses of \$21,509.83)	50,393.86
Interest income	599.01
Investment income	4,424.79
Miscellaneous income	3,043.57
<b>Total Unrestricted Support</b>	1,114,208.06
Net assets released from restrictions:	
Restrictions satisfied by payments	17,989.51
<b>Total Unrestricted Support and Reclassifications</b>	<b>1,132,197.57</b>
Expenses:	
Program services:	
Advocacy - DDRB	290,126.43
Advocacy - CCRB	433,146.50
Transition to Success-DDRB	72,608.67
Lincoln County Resource Board	38,912.35
Franklin County Children & Families Community Resources Board	79,186.87
Other Programs	39,051.40
Supporting services	156,705.90
<b>Total Expenses</b>	<b>1,109,738.12</b>
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<b>22,459.45</b>

**TEMPORARILY RESTRICTED NET ASSETS:**

Grants & contributions	20,095.48
Interest income on endowment funds	114.43
Net assets released from donor restrictions	(17,989.51)
<b>Increase (Decrease) in Temporarily Restricted Net Assets</b>	<b>2,220.40</b>

**PERMANENTLY RESTRICTED NET ASSETS:**

Grants & contributions	0.00
<b>Increase (Decrease) in Permanently Restricted Net Assets</b>	<b>0.00</b>

**TOTAL INCREASE (DECREASE) IN NET ASSETS** **24,679.85**

**NET ASSETS, Beginning of year** 453,490.07

**NET ASSETS, End of year** **\$ 478,169.92**

See notes to financial statements.

**FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Increase (Decrease) in Net Assets	\$	24,679.85
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Depreciation		11,666.60
Unrealized gain on investments		(627.79)
(Increase) decrease in operating assets:		
Grants receivable		(68,262.95)
Prepaid expenses		(6,025.11)
Increase (decrease) in operating liabilities:		
Accounts payable		(11,017.03)
Payroll taxes & other withholding payable		3,034.20
Accrued expenses		7,918.83
		7,918.83
<b>Net Cash Used by Operating Activities</b>		<b>(38,633.40)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Change in long-term & restricted cash		(2,220.40)
Purchase of investments		(103,800.28)
		(103,800.28)
<b>Net Cash Used By Investing Activities</b>		<b>(106,020.68)</b>

**INCREASE IN CASH** **(144,654.08)**

**CASH, beginning of year** **351,542.38**

**CASH, end of year** **\$ 206,888.30**

Supplemental Information:

Interest paid	\$	208.92
Income taxes	\$	-

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, 2012**

	PROGRAM SERVICES							General & Acim Expense	Total Expenses
	DDRB - Advocacy	CCRB - Advocacy	DDRB - Transitions to Success	LCRB-Family Support & Advocacy	Family Support & Advocacy	DDRB - People First	Other Programs		
Personnel	\$173,939.57	\$ 297,332.94	\$ 58,601.00	\$ 25,215.68	\$ 55,291.17	\$ 4,374.50	\$ 147.04	\$ 614,961.90	\$ 704,135.83
Supplies	26,567.26	12,039.23	1,693.65	1,282.85	2,501.06	1,467.39		45,551.44	50,694.68
Equipment rental	1,393.05	3,749.37	310.42	233.95	457.39	148.17		6,292.35	7,237.23
Communications	4,203.64	6,140.02	921.49	723.78	1,538.48	457.73		13,985.14	16,863.99
Training, seminars and conferences	16,601.89	25,067.29	621.48	439.43	855.25	2,259.39		45,844.73	47,600.28
Mileage	2,632.30	21,660.95	1,813.96	4,470.42	5,951.55	866.47		37,395.65	39,099.78
Client services	43.69	10,949.65	9.70	7.46	14.51	4.71	14,742.47	25,772.19	29.77
Professional services	35,801.26	18,677.94	2,898.89	2,130.29	3,953.31	8,980.88		72,442.57	25,801.96
Dues & subscriptions	1,851.42	1,138.71	172.75	132.82	258.51	133.90		3,688.11	4,150.21
Insurance	1,491.39	2,181.68	332.10	253.74	490.26	160.05		4,909.22	5,924.00
Rent	19,394.04	28,362.36	4,302.96	3,308.16	6,438.96	2,089.80		63,896.28	77,113.56
Building maintenance	2,014.38	980.60	146.08	112.36	222.58	70.98		3,546.98	4,003.88
Awards & refreshments	951.71	214.09	78.50	58.81	157.78	1,445.18	60.00	2,966.07	9,263.85
Miscellaneous expense	120.93	176.82	26.81	20.65	40.15	13.00		398.36	651.58
Depreciation	2,934.15	4,290.95	650.98	500.50	974.16	316.19		9,666.93	11,666.60
Recruiting & advertising							300.00	300.00	300.00
Interest expense									208.92
Development/fundraising	125.75	183.90	27.90	21.45	41.75	13.55	1,000.00	1,414.30	635.70
Accreditation									3,300.00
Scholarships									500.00
<b>Total Expenses</b>	<b>\$290,126.43</b>	<b>\$ 433,146.50</b>	<b>\$ 72,608.67</b>	<b>\$ 38,912.35</b>	<b>\$ 79,186.87</b>	<b>\$ 22,801.89</b>	<b>\$ 16,249.51</b>	<b>\$ 953,032.22</b>	<b>\$ 1,109,738.12</b>

See notes to financial statements.

**FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**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 and the surrounding counties.

**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.

**Tax Status.**

The Organization qualifies as a tax exempt Organization under 501( c)(3) of the Internal Revenue Code, and therefore, has no provision for federal or Missouri income taxes. The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2009 to 2012 is subject to examination by the IRS, generally for three years after they were filed.

**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.

**Investments.**

Investments consist of mutual funds stated at fair market value. It is the Organization's policy to invest excess funds in investments as determined by the board of directors. They are held through PNC Investments, LLC.

**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.



**FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Subsequent Events.** The Organization has evaluated subsequent events for potential recognition or disclosure through October 3, 2012, which is the date the financial statements were (available to be) issued.

**NOTE B: PROGRAM SERVICE FEES**

The Organization receives funding from Crider Health Center, Inc. (Crider) and the Developmental Disabilities Resource Board of St. Charles County (DDRB). Crider has contracted with FACT under purchase of service contracts to provide Family Support Services to families in the counties receiving services under the Community and Children's Resource Board of St. Charles County (CCRB), the Lincoln County Resource Board (LCRB), and the Franklin County Resource Board (FCCRB) Partnership with Families program. The DDRB grants are reimbursement type grants for Advocacy, People First, and Transitions to Success programs. The Organization also receives service fees from various other sources such as parents and outside contracts.

<b>UNRESTRICTED:</b>	Support	Receivable at 6/30/12
Thru Crider Health Center, Inc.:		
CCRB	\$ 488,367.17	\$ 48,280.38
LCRB	43,328.40	4,450.88
FCCRB	92,904.79	5,684.25
Developmental Disabilities Resource Board of St. Charles Co (DDRB):		
Advocacy	318,593.00	86,505.22
Transitions to Success	70,358.47	12,893.95
People First	26,482.00	3,445.00
Parent fees & miscellaneous	4,058.00	-
	\$ 1,044,091.83	\$ 161,259.68
 <b>TEMPORARILY RESTRICTED:</b>		
Cuivre River Electric Community Trust	\$ 2,150.00	\$ -
FCCRB grant	5,945.48	
Cardinals Care grant	1,500.00	
Harmon Charitable Foundation grant	10,500.00	
	\$ 20,095.48	\$ -

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.

**FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE C: INVESTMENTS**

The Organization carries investments in marketable securities with readily determinable fair values at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment activity is as follows:

**At June 30, 2012:**

Cost	\$ 103,800.28
Market value	<u>\$ 104,428.07</u>
Gross unrealized gains	1,176.96
Gross unrealized losses	(549.17)
Unrealized gain - net	<u>627.79</u>
Unrealized gain (loss)- net June 30, 2011	<u>\$ -</u>
Change in unrealized gain (loss)	<u>\$ 627.79</u>
<b>Investment income:</b>	
Change in unrealized gain (loss)	\$ 627.79
Dividend income	3,797.00
	<u>\$ 4,424.79</u>

**NOTE D: RESTRICTED NET ASSETS**

Permanently restricted net assets consist of two donor-restricted 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. The Paul Clark Scholarship has a balance of \$2,250 and the Dees Scholarship balance is at \$19,449. Interest earned on these funds of \$114.43 is available for scholarships and is added to the temporarily restricted fund balance for scholarship. A \$500 scholarship is normally awarded annually.

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	\$ 3,526.60
Harmon Charitable Foundation	5,867.43
Cuivre River Electric Community Trust	2,150.00
FCCRB grant	5,945.48
Scholarship	500.00
	<u>\$ 17,989.51</u>

Temporarily restricted net assets consisted of the following at June 30, 2012:

Scholarship Fund	\$ 1,092.98
Harmon Charitable Foundation	5,879.02
Cardinals Care school supplies project	1,500.00
	<u>\$ 8,472.00</u>

**FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE E: LEASES**

The Organization leases building space under an operating lease expiring Feb 28, 2016. Rental expense for the year was \$77,114. The Organization also leases several pieces of office equipment under operating leases for \$6,960 during this fiscal year

Future minimum lease payments under all leases are as follows:

	Building	Operating Leases	Total
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
2017	-	-	-
	\$ 258,364	\$ 15,810	\$ 274,174

Property and equipment includes \$16,232 of capital leases, and there is \$16,232 of accumulated depreciation on capital leases at 6/30/12.

**NOTE F: 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 G: 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.

Investments (mutual funds) - Fair value is determined using available market information.

The fair value measurements for the financial instruments are reported at fair value on a recurring basis at June 30, 2012 as follows:

	<u>Cost</u>	<u>Fair Value</u>
Current Assets:		
Cash and equivalents	\$ 206,888	\$ 206,888
Investments	103,800	104,428

All instruments are level 1 and there were no transfers between levels in the year ended June 30, 2012.

**NOTE H: CONCENTRATIONS OF CREDIT RISK**

The CCRB grant and DDRB advocacy grant represent 47% and 30% respectively of total support for the year, and 30% and 54% respectively of the receivable balance at June 30, 2012.

The Organization maintains cash balances at one financial institution where the funds are fully covered by FDIC coverage at June 30, 2012.

**FAMILY ADVOCACY AND COMMUNITY TRAINING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

The Organization is invested in mutual funds in a brokerage account with PNC investments. The balance of uninsured mutual funds at June 30, 2012 is \$104,428.

**NOTE I: CONDITIONAL PROMISES TO GIVE**

DDRB has awarded up to \$328,152 for Advocacy, \$27,276 for People First and \$74,982 for Transitions to Success for the period July 1, 2012 to June 30, 2013 for certain services and reimbursements. The Crider purchase of service yearly contracts with CCRB, LCRB and FCCRB continue until December 31, 2012.

**NOTE J: 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**  
**JUNE 30, 2012**

	Total Expenses	Support/ Indirect	DDRB - Advocacy	CCRB - Advocacy	DDRB - Transitions to Success	LCRB-Family Support & Advocacy	FCCRB- Family Support & Support	DDRB - People First	Other Programs
Personnel	\$ 704,135.83	\$ 89,173.93	\$ 173,999.57	\$ 297,332.94	\$ 58,601.00	\$ 25,215.68	\$ 55,291.17	\$ 4,374.50	\$ 147.04
Supplies	50,694.68	5,143.24	26,567.26	12,039.23	1,693.65	1,282.85	2,501.06	1,467.39	-
Equipment rental	7,237.23	944.88	1,393.05	3,749.37	310.42	293.95	457.39	148.17	-
Communications	16,863.99	2,878.85	4,203.64	6,140.02	921.49	723.78	1,538.48	457.73	-
Training, seminars and conferences	47,600.28	1,755.55	16,601.89	25,067.29	621.48	439.43	-	-	-
Mileage	39,099.78	1,704.13	2,632.30	21,660.95	1,813.96	4,470.42	5,951.55	866.47	-
Client services	25,801.96	29.77	43.69	10,949.65	9.70	7.46	14.51	4.71	14,742.47
Professional services	99,171.77	26,729.20	35,801.26	18,677.94	2,898.89	2,130.29	3,953.31	8,980.88	-
Dues & subscriptions	4,150.21	462.10	1,851.42	1,138.71	172.75	132.82	258.51	133.90	-
Insurance	5,924.00	1,014.78	1,491.39	2,181.68	332.10	253.74	490.26	160.05	-
Rent	77,113.56	13,217.28	19,394.04	28,362.36	4,302.96	3,308.16	6,438.96	2,089.80	-
Building maintenance	4,003.88	456.90	2,014.38	980.60	146.08	112.36	222.58	70.98	-
Awards & refreshments	9,263.85	6,297.78	951.71	214.09	78.50	58.81	157.78	1,445.18	60.00
Miscellaneous expense	1,065.88	253.22	246.68	360.72	54.71	42.10	81.90	26.55	-
Recruiting & advertising	1,300.00	-	-	-	-	-	-	-	1,300.00
Depreciation	11,666.60	1,999.67	2,934.15	4,290.95	650.98	500.50	974.16	316.19	-
Accreditation	3,300.00	3,300.00	-	-	-	-	-	-	-
Interest expense	208.92	208.92	-	-	-	-	-	-	-
Subtotal	1,108,602.42	155,570.20	290,126.43	433,146.50	72,608.67	38,912.35	79,186.87	22,801.89	16,249.51
Support and Administration									
Costs Allocation		(155,570.20)	47,359.39	70,705.57	11,852.43	6,351.94	12,926.23	3,722.11	2,652.52
<b>Total Program Expenses</b>	<b>1,108,602.42</b>	<b>\$ -</b>	<b>\$ 337,485.82</b>	<b>\$ 503,852.07</b>	<b>\$ 84,461.10</b>	<b>\$ 45,264.29</b>	<b>\$ 92,113.10</b>	<b>\$ 26,524.00</b>	<b>\$ 18,902.03</b>
Development expense	635.70								
Scholarships	500.00								
<b>Total agency expenses</b>	<b>\$ 1,109,738.12</b>		6,919.50			623.75	1,346.50		
Units provided									
<b>Unit Cost - Actual</b>			<b>\$ 72.82</b>	<b>\$ 72.82</b>		<b>\$ 72.57</b>	<b>\$ 68.41</b>		