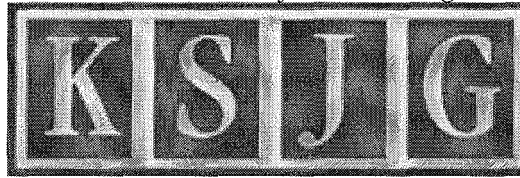


Kushner ■ Smith ■ Joanou ■ Gregson



CERTIFIED PUBLIC ACCOUNTANTS

**FAMILY SUPPORT NETWORK**

**Financial Statements  
Year Ended June 30, 2012  
(With Independent Auditor's Report Thereon)**

Kushner, Smith, Joanou & Gregson, LLP  
Licensed by the California Board of Accountancy, Member of AICPA  
8105 Irvine Center Drive ■ Suite 1000 ■ Irvine, California 92618 ■ (949) 261-2808 ■ Fax: (949) 261-0188  
[www.ksjgcpa.com](http://www.ksjgcpa.com)

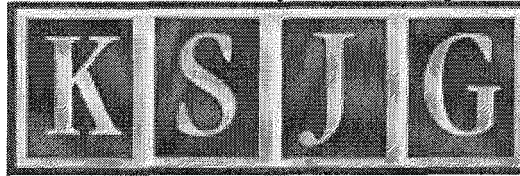
**TABLE OF CONTENTS****PAGE NO.**

---

Independent Auditor's Report.....	1
Statement of Financial Position - June 30, 2012 .....	2
Statement of Activities and Changes in Net Assets - Year Ended June 30, 2012 .....	3
Statement of Functional Expenses - Year Ended June 30, 2012 .....	4 - 5
Statement of Cash Flows - Year Ended June 30, 2012 .....	6
Notes to Financial Statements - June 30, 2012 .....	7 - 11

---

Kushner ■ Smith ■ Joanou ■ Gregson



CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Family Support Network  
(A nonprofit organization)

We have audited the accompanying statement of financial position of Family Support Network (a nonprofit organization) as of June 30, 2012, and the related statements of activities and changes in net assets, 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 Support Network (a nonprofit organization) as of June 30, 2012, and the change in its net assets, functional expenses and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Kushner Smith Joanou ; Gregson, LLP*

October 9, 2012

**FAMILY SUPPORT NETWORK**

**Statement of Financial Position  
June 30, 2012**

**ASSETS**

Cash and cash equivalents	\$ 513,700
Grants and accounts receivable (Note 2)	195,858
Prepaid expenses	8,689
Deposits	<u>9,137</u>
 Total assets	 \$ <u><u>727,384</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts payable and accrued liabilities (Note 3)	\$ <u>58,177</u>
Commitments (Note 4)	
Net assets:	
Unrestricted	610,143
Temporarily restricted (Note 5)	<u>59,064</u>
	<u>669,207</u>
 Total liabilities and net assets	 \$ <u><u>727,384</u></u>

See accompanying notes to financial statements

**FAMILY SUPPORT NETWORK**

**Statement of Activities and Changes in Net Assets  
Year Ended June 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support:			
Contributions	\$ 6,210	\$ 27,478	\$ 33,688
Grants	203,152	723,605	926,757
Gifts in-kind	--	7,021	7,021
Other income	4,862	--	4,862
Net assets released from restrictions	851,312	(851,312)	--
Total revenues and support	<u>1,065,536</u>	<u>(93,208)</u>	<u>972,328</u>
Expenses:			
Program services	949,553	--	949,553
General and administrative services	67,063	--	67,063
Fundraising services	21,551	--	21,551
Total expenses	<u>1,038,167</u>	<u>--</u>	<u>1,038,167</u>
Non-operating revenues:			
Release of contingent liability	<u>25,980</u>	<u>--</u>	<u>25,980</u>
Change in net assets	53,349	(93,208)	(39,859)
Net assets, beginning of year	<u>556,794</u>	<u>152,272</u>	<u>709,066</u>
Net assests, end of year	<u>\$ 610,143</u>	<u>\$ 59,064</u>	<u>\$ 669,207</u>

See accompanying notes to financial statements

## FAMILY SUPPORT NETWORK

Statement of Functional Expenses  
Year Ended June 30, 2012

	Camp TLC	Prop. 10 - Development Screenings	MAA	Application Assistance	Wraparound	Individual Grant Program	Parent Leadership	ENF	Yes You Can	Subtotal
Salaries	\$ --	\$ 138,758	\$ --	\$ 37,668	\$ 84,761	\$ --	\$ 119,388	\$ --	\$ 3,226	\$ 383,801
Payroll taxes	--	13,017	--	3,850	8,928	--	10,099	--	329	36,223
Insurance - W/C	--	1,173	--	347	825	--	878	--	30	3,253
Insurance - Medical	--	7,118	--	2,511	6,033	--	2,106	--	47	17,815
Employee benefits	--	--	--	--	--	--	--	--	--	--
Mileage	--	2,720	--	262	1,394	--	2,605	76	--	7,057
Director's salary and benefits	--	6,656	--	4,832	15,724	--	18,323	--	380	45,915
Subcontractor	--	119,900	--	--	--	--	--	--	35,778	155,678
Program specific	23,399	--	--	--	--	31,394	--	21,190	--	75,983
Gift cards	--	--	--	--	500	--	--	--	--	500
Classified ads	--	--	--	--	25	--	--	--	--	25
Computer	--	--	--	--	--	--	--	--	--	--
Training	--	--	--	--	10,458	--	--	--	--	10,458
Liability insurance	--	2,258	--	853	1,518	--	1,795	--	82	6,506
Legal and accounting	--	3,636	--	583	2,750	--	3,053	--	250	10,272
Office	186	1,099	--	127	273	--	493	--	13	2,191
Office supplies	551	1,589	1,078	345	1,143	--	1,459	--	71	6,236
Postage and delivery	--	1,583	--	97	293	--	188	--	8	2,169
Rent	--	9,949	--	3,275	5,970	--	9,838	--	824	29,856
Utilities	--	1,130	--	414	771	--	929	--	30	3,274
Janitorial	--	1,708	--	637	1,160	--	1,395	--	48	4,948
Telephone	--	1,630	--	880	834	--	2,888	--	30	6,262
Licenses and fees	--	--	--	--	--	--	--	--	--	--
Property taxes	--	--	--	--	--	--	--	--	--	--
Depreciation	--	--	--	--	--	--	--	--	--	--
Grant writing	--	--	--	--	--	--	--	--	--	--
Total expenses	\$ 24,136	\$ 313,924	\$ 1,078	\$ 56,681	\$ 143,360	\$ 31,394	\$ 175,437	\$ 21,266	\$ 41,146	\$ 808,422

(Statement of functional expenses continued on the following page)

**FAMILY SUPPORT NETWORK**

**Statement of Functional Expenses  
(Continued)  
Year Ended June 30, 2012**

	<u>Subtotal</u>	<u>Pretend City</u>	<u>Cal Optima</u>	<u>Parent to Parent</u>	<u>Father Engagement</u>	<u>Total Program</u>	<u>General &amp; Admin</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 383,801	\$ 6,538	\$ 8,486	\$ 34,118	\$ 6,226	\$ 439,169	\$ 12,703	\$ 18,933	\$ 470,805
Payroll taxes	36,223	713	1,021	3,693	808	42,458	2,431	1,762	46,651
Insurance - W/C	3,253	63	88	287	52	3,743	376	163	4,282
Insurance - Medical	17,815	144	280	519	--	18,758	1,924	--	20,682
Employee benefits	--	--	--	--	--	--	584	--	584
Mileage	7,057	298	260	43	386	8,044	2,840	236	11,120
Director's salary and benefits	45,915	1,144	2,288	1,025	--	50,372	104	--	50,476
Subcontractor	155,678	16,900	38,480	--	--	211,058	--	--	211,058
Program specific	75,983	--	--	--	--	75,983	--	417	76,400
Gift cards	500	--	--	--	--	500	--	--	500
Classified ads	25	--	--	--	--	25	50	--	75
Computer	--	--	--	--	--	--	3,800	--	3,800
Training	10,458	--	--	--	--	10,458	--	--	10,458
Liability insurance	6,506	145	289	228	59	7,227	--	--	7,227
Legal and accounting	10,272	100	200	1,567	29	12,168	11,750	--	23,918
Office	2,191	329	265	62	317	3,164	8,413	20	11,597
Office supplies	6,236	646	711	112	15	7,720	2,012	20	9,752
Postage and delivery	2,169	161	176	20	5	2,531	76	--	2,607
Rent	29,856	2,487	4,975	705	1,289	39,312	8,590	--	47,902
Utilities	3,274	73	147	159	20	3,673	--	--	3,673
Janitorial	4,948	111	221	214	30	5,524	--	--	5,524
Telephone	6,262	79	159	646	520	7,666	--	--	7,666
Licenses and fees	--	--	--	--	--	--	151	--	151
Property taxes	--	--	--	--	--	--	54	--	54
Depreciation	--	--	--	--	--	--	204	--	204
Grant writing	--	--	--	--	--	--	11,001	--	11,001
<b>Total expenses</b>	<b>\$ 808,422</b>	<b>\$ 29,931</b>	<b>\$ 58,046</b>	<b>\$ 43,398</b>	<b>\$ 9,756</b>	<b>\$ 949,553</b>	<b>\$ 67,063</b>	<b>\$ 21,551</b>	<b>\$ 1,038,167</b>

See accompanying notes to financial statements

**FAMILY SUPPORT NETWORK**

**Statement of Cash Flows  
Year Ended June 30, 2012**

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ (39,859)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	204
(Increase) decrease in:	
Grants and accounts receivable	62,427
Prepaid expenses	(118)
Deposits	115
(Decrease) in:	
Accounts payable and accrued liabilities	(28,173)
Other liabilities	<u>(25,980)</u>
Net increase in cash and cash equivalents	(31,384)
Cash and cash equivalents:	
Beginning of year	<u>545,084</u>
End of year	<u><u>\$ 513,700</u></u>

See accompanying notes to financial statements



## FAMILY SUPPORT NETWORK

### Notes to Financial Statements June 30, 2012

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Organization** - Family Support Network (the "Organization") is organized as a nonprofit voluntary health and welfare organization under Section 501(c)(3) of the Internal Revenue Code. The Organization provides services and resources that help children with special needs and their families reach their full potential. The Organization is supported primarily through donor contributions and grants.

**Basis of Presentation** - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Net assets are classified based on the existence or absence of third-party donor restrictions and are reported as follows:

- Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.
- Temporarily restricted net assets are classified as such based on donor stipulations that they be used in a later period, be used for a specific purpose, or both. As donor restrictions are satisfied, amounts are reclassified to the unrestricted class as net assets released from restrictions. Temporarily restricted assets at June 30, 2012 were \$59,064.
- Permanently restricted net assets represent an endowment to be held in perpetuity. Investment income earned on this endowment is unrestricted. The Organization had no permanently restricted net assets as of June 30, 2012.

The Organization records gifts of cash and other assets as temporarily restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 donor restrictions.

**Income Taxes** - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), and is exempt from state income taxes under the comparable state tax code, as a charitable organization whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax.

The Organization has adopted the provisions of the accounting standard relating to accounting and reporting for uncertainty in income taxes. For the Organization, these provisions could be applicable to the incurrence of any unrelated business income attributable to the Organization. Because of the Organization's general tax-exempt status, the adopted standard is not anticipated to have a material impact on the Organization's financial statements.

(Note 1 continued on the following page)

**FAMILY SUPPORT NETWORK****Notes to Financial Statements  
(Continued)  
June 30, 2012****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Allocation of Expenses** - The cost of providing various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets based on estimates made by the Organization's management.

The Organization allocates fixed overhead at a rate of 9% of total expenditures to each program that contractually accepts this policy. If the Organization obtains more programs than originally expected where an overhead allocation exists, the existing programs may pay the Organization more overhead than the Organization actually incurred. Amounts billed to the programs for overhead charges are included in grants revenue and actual overhead expenses incurred by the Organization are included in general and administrative services expense in the accompanying statement of activities and changes in net assets.

**Concentrations of Credit Risks** - The Organization maintains bank accounts with a major banking institution in which the deposits are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, throughout the year, the Organization may maintain bank account balances in excess of the FDIC insurance limits, which are also fully insured by the Organization's banking institution.

**Cash and Cash Equivalents** - The Organization considers all highly liquid investments with maturity dates of three months or less to be cash equivalents.

**Use of Estimates** - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Contributed Services and Gifts In-Kind** - Contributed services are recognized if the services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ended June 30, 2012, approximately 150 nonspecialized volunteers contributed a total of 5,200 hours, the value of which has not been recorded in the accompanying financial statements. Such volunteers include board members who support the vision and mission of the Organization, Camp TLC volunteers who provide nursing, childcare, and other assistance in ensuring the smooth and efficient operation of Camp TLC, and numerous other volunteers who assist with monthly food drives and the Organization's Christmas program. Only amounts that meet the criteria above are recorded in the accompanying financial statements.

(Note 1 continued on the following page)

**FAMILY SUPPORT NETWORK****Notes to Financial Statements  
(Continued)  
June 30, 2012****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributed Services and Gifts In-Kind (Continued)** - The Organization also has received donations of various noncash assets, such as supplies or services that were used for purposes of operating activities. Contributed services and gifts in-kind in the amount of \$7,021 are recorded as income and expense in the statement of activities for the year ended June 30, 2012.

**Grants and Accounts Receivable** - The Organization does not maintain an allowance for estimated uncollectible accounts. When an account is determined uncollectible it is deducted from the grants and accounts receivable and charged to uncollectible fees. No accounts have been deemed uncollectible at June 30, 2012 due to historical and projected collections.

**Office Equipment** - Office equipment is stated at cost. Depreciation expense is calculated on the straight-line method. The depreciation method is designed to amortize the cost of the assets over their estimated useful lives, which range from 5 to 7 years. Leasehold improvements are amortized over the life of the lease or the estimated life of the asset, whichever is shorter. The Organization capitalizes all purchases of equipment with a cost basis that exceeds \$500.

Maintenance and repairs are charged to expense as incurred. Renewals and improvements of a major nature are capitalized. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any gains or losses are reflected in income.

**Contributions** - Contributions, including unconditional promises to give, are recognized when received or pledged by the donor. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor for a specific time or purpose are reported as temporarily or permanently restricted contributions based on the nature of the restriction. When a donor 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 are reported in the statement of activities as net assets released from restrictions. In the event a donor makes changes to the nature of a restricted gift which affects its classification among the net asset categories, such amounts are reflected as reclassifications in the statement of activities and changes in net assets.

Unconditional promises to give are reported at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected.

**Subsequent Events** - The Organization evaluated subsequent events through October 9, 2012, the date these financial statements were available to be issued. Except for the event discussed in Note 4, there were no material subsequent events that required recognition or additional disclosure in these financial statements.