

**FAMILY SUPPORT NETWORK**  
**FINANCIAL STATEMENTS**  
**TWELVE MONTHS ENDED JUNE 30, 2011**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**

# Rob M. Thomas, CPA

*Service & Integrity*

1098 Dolphin Court  
Ventura, CA 93001  
(805) 620-2331

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Family Support Network

I have audited the accompanying statement of financial position of Family Support Network, a nonprofit organization, (the "Organization") as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the twelve months then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Support Network as of June 30, 2011, and the changes in its net assets and its cash flows for the twelve months then ended in conformity with accounting principles generally accepted in the United States of America.

August 26, 2011

**FAMILY SUPPORT NETWORK**  
**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2011**

ASSETS

|                                |                   |
|--------------------------------|-------------------|
| Current assets:                |                   |
| Cash                           | \$ 545,084        |
| Grants and accounts receivable | 258,285           |
| Prepaid assets                 | <u>8,571</u>      |
| Total current assets           | <u>811,940</u>    |
| Office equipment, at cost      | 21,271            |
| Less: accumulated depreciation | <u>(21,067)</u>   |
| Net office equipment           | <u>204</u>        |
| Deposits                       | <u>9,252</u>      |
|                                | <u>\$ 821,396</u> |

LIABILITIES AND NET ASSETS

|                                       |                   |
|---------------------------------------|-------------------|
| Current liabilities:                  |                   |
| Accounts payable and accrued expenses | <u>\$ 112,330</u> |
| Total current liabilities             | <u>112,330</u>    |
| Commitments (Note 5)                  |                   |
| Net assets:                           |                   |
| Unrestricted                          | 556,794           |
| Temporarily restricted (Note 3)       | <u>152,272</u>    |
| Total net assets                      | <u>709,066</u>    |
|                                       | <u>\$ 821,396</u> |

See accompanying notes and independent auditor's report.

## FAMILY SUPPORT NETWORK

### STATEMENT OF ACTIVITIES

TWELVE MONTHS ENDED JUNE 30, 2011

Changes in unrestricted net assets:

Revenues:

|                             |                |
|-----------------------------|----------------|
| Grants and contributions    | \$ 177,332     |
| Other income (Note 2)       | 112,255        |
| Total unrestricted revenues | <u>289,587</u> |

Net assets released from restrictions:

|   |                |
|---|----------------|
| Satisfaction of program restrictions (Note 4) | <u>858,591</u> |
| Total net assets released from restrictions   | <u>858,591</u> |

|   |                  |
|---|------------------|
| Total unrestricted revenues and other support | <u>1,148,178</u> |
|---|------------------|

Expenses (Note 4):

|                                     |                |
|-------------------------------------|----------------|
| Camp TLC                            | 19,172         |
| Prop 10. - Developmental Screenings | 342,768        |
| Application Assistance              | 34,611         |
| Wraparound                          | 152,576        |
| Individual Grant Program            | 15,608         |
| Weingart                            | 60,095         |
| Parent Leadership                   | 169,566        |
| ENF                                 | 12,270         |
| Yes You Can                         | 39,935         |
| Pretend City                        | 36,660         |
| Cal Optima                          | 86,186         |
| Parent to Parent                    | 11,990         |
| General and Administrative          | <u>127,854</u> |

|                |                  |
|----------------|------------------|
| Total expenses | <u>1,109,291</u> |
|----------------|------------------|

|                                     |               |
|-------------------------------------|---------------|
| Increase in unrestricted net assets | <u>38,887</u> |
|-------------------------------------|---------------|

Changes in temporarily restricted net assets:

|  |                  |
|--|------------------|
| Grants and contributions                       | 839,304          |
| Net assets released from restrictions (Note 4) | <u>(858,591)</u> |

|   |                 |
|---|-----------------|
| Increase in temporarily restricted assets | <u>(19,287)</u> |
|---|-----------------|

|                        |        |
|------------------------|--------|
| Increase in net assets | 19,600 |
|------------------------|--------|

|                                 |                |
|---------------------------------|----------------|
| Net assets at beginning of year | <u>689,466</u> |
|---------------------------------|----------------|

|                           |                   |
|---------------------------|-------------------|
| Net assets at end of year | <u>\$ 709,066</u> |
|---------------------------|-------------------|

See accompanying notes and independent auditor's report.

**FAMILY SUPPORT NETWORK**

**STATEMENT OF FUNCTIONAL EXPENSES**

**TWELVE MONTHS ENDED JUNE 30, 2011**

| Description            | A                | B                 | C                | D                 | E                | F                | G              | H             |
|------------------------|------------------|-------------------|------------------|-------------------|------------------|------------------|----------------|---------------|
| Salaries               | \$ 458           | \$ 136,355        | \$ 21,021        | \$ 81,324         | \$ -             | \$ 37,741        | 113,373        | -             |
| Payroll taxes          | 39               | 13,355            | 1,769            | 9,448             | -                | 4,741            | 11,200         | -             |
| Insurance - W/C        | 5                | 1,320             | 248              | 925               | -                | 336              | 1,097          | -             |
| Insurance - Medical    | -                | 4,542             | 1,761            | 6,045             | -                | 1,920            | 1,200          | -             |
| Employee Benefits      | -                | -                 | -                | -                 | -                | -                | -              | -             |
| Mileage Expense        | 391              | 2,168             | 324              | 761               | -                | 292              | 2,824          | -             |
| Director's Salary      | -                | 5,339             | 2,440            | 14,920            | -                | 3,417            | -              | -             |
| Allocated Expenses     | -                | 28,287            | 2,866            | 12,583            | -                | 4,962            | 15,516         | -             |
| Subcontractor          | -                | 123,540           | -                | -                 | -                | -                | -              | -             |
| Program Specific       | 18,039           | -                 | -                | -                 | 15,608           | -                | -              | 12,270        |
| Gift Cards             | -                | -                 | -                | 1,000             | -                | -                | -              | -             |
| Classified Ads         | -                | -                 | -                | 75                | -                | -                | -              | -             |
| Dues and Subscriptions | -                | -                 | -                | -                 | -                | -                | -              | -             |
| Continuing Education   | -                | -                 | -                | -                 | -                | -                | -              | -             |
| Training               | -                | -                 | -                | 10,103            | -                | -                | -              | -             |
| Liability Insurance    | -                | 1,767             | 358              | 1,626             | -                | 746              | 1,999          | -             |
| Legal & Accounting     | -                | 3,654             | 279              | 2,600             | -                | 1,468            | 3,209          | -             |
| Flex Spending          | -                | -                 | -                | -                 | -                | -                | -              | -             |
| Office Expense         | 131              | 1,831             | 88               | 526               | -                | 177              | 762            | -             |
| Office Supplies        | 109              | 7,366             | 130              | 755               | -                | 299              | 1,367          | -             |
| Postage & Delivery     | -                | 1,023             | 84               | 291               | -                | 115              | 350            | -             |
| Printing Services      | -                | -                 | -                | -                 | -                | -                | -              | -             |
| Rent-Building          | -                | 8,339             | 2,065            | 6,651             | -                | 2,401            | 11,020         | -             |
| Utilities              | -                | 1,230             | 520              | 1,110             | -                | 243              | 1,358          | -             |
| Janitorial             | -                | 1,273             | 240              | 990               | -                | 435              | 1,215          | -             |
| Telephone              | -                | 1,379             | 418              | 843               | -                | 802              | 3,076          | -             |
| Program Donations      | -                | -                 | -                | -                 | -                | -                | -              | -             |
| Licenses & Fees        | -                | -                 | -                | -                 | -                | -                | -              | -             |
| Property Taxes         | -                | -                 | -                | -                 | -                | -                | -              | -             |
| Depreciation Expense   | -                | -                 | -                | -                 | -                | -                | -              | -             |
| Grant Writing          | -                | -                 | -                | -                 | -                | -                | -              | -             |
|                        | <u>\$ 19,172</u> | <u>\$ 342,768</u> | <u>\$ 34,611</u> | <u>\$ 152,576</u> | <u>\$ 15,608</u> | <u>\$ 60,095</u> | <u>169,566</u> | <u>12,270</u> |

Legend:

- A Camp TLC
- B Prop 10. - Developmental Screenings
- C Application Assistance
- D Wraparound
- E Individual Grant Program
- F Weingart
- G Parent Leadership
- H ENF
- I Yes You Can
- J Pretend City
- K Cal Optima
- L Parent to Parent
- M General and Administrative

(Continued)

See accompanying notes and independent auditor's report.

**FAMILY SUPPORT NETWORK**

**STATEMENT OF FUNCTIONAL EXPENSES**

**TWELVE MONTHS ENDED JUNE 30, 2011**

(Continued)

| Description            | I                | J                | K                | L                | M                 | Total            |
|------------------------|------------------|------------------|------------------|------------------|-------------------|------------------|
| Salaries               | \$ 2,992         | \$ 8,606         | \$ 12,410        | \$ 10,451        | \$ 84,234         | 508,965          |
| Payroll taxes          | 437              | 949              | 1,386            | 1,214            | 4,013             | 48,551           |
| Insurance - W/C        | 37               | 81               | 144              | 125              | 357               | 4,675            |
| Insurance - Medical    | 223              | 488              | 1,064            | -                | 3,096             | 20,339           |
| Employee Benefits      | -                | -                | -                | -                | 298               | 298              |
| Mileage Expense        | -                | 270              | 303              | -                | 2,095             | 9,428            |
| Director's Salary      | 1,469            | 1,049            | 2,193            | -                | -                 | 30,827           |
| Allocated Expenses     | 3,297            | 2,906            | 7,116            | -                | -                 | 77,533           |
| Subcontractor          | 29,370           | 17,190           | 54,260           | -                | -                 | 224,360          |
| Program Specific       | -                | -                | -                | -                | -                 | 45,917           |
| Gift Cards             | -                | -                | -                | -                | -                 | 1,000            |
| Classified Ads         | -                | -                | -                | -                | 25                | 100              |
| Dues and Subscriptions | -                | -                | -                | -                | -                 | -                |
| Continuing Education   | -                | -                | -                | -                | -                 | -                |
| Training               | -                | -                | -                | -                | -                 | 10,103           |
| Liability Insurance    | 67               | 288              | 609              | -                | 208               | 7,668            |
| Legal & Accounting     | 259              | 302              | 564              | -                | 4,000             | 16,335           |
| Flex Spending          | -                | -                | -                | -                | -                 | -                |
| Office Expense         | 169              | 108              | 240              | -                | 7,793             | 11,825           |
| Office Supplies        | 812              | 500              | 589              | -                | 169               | 12,096           |
| Postage & Delivery     | 8                | 45               | 91               | -                | 68                | 2,075            |
| Printing Services      | -                | -                | -                | -                | -                 | -                |
| Rent-Building          | 720              | 2,087            | 4,332            | -                | 8,841             | 46,456           |
| Utilities              | 19               | 148              | 324              | -                | -                 | 4,952            |
| Janitorial             | 30               | 45               | 272              | -                | -                 | 4,500            |
| Telephone              | 26               | 128              | 289              | 200              | 61                | 7,222            |
| Program Donations      | -                | 1,470            | -                | -                | -                 | 1,470            |
| Licenses & Fees        | -                | -                | -                | -                | -                 | -                |
| Property Taxes         | -                | -                | -                | -                | 62                | 62               |
| Depreciation Expense   | -                | -                | -                | -                | 245               | 245              |
| Grant Writing          | -                | -                | -                | -                | 12,289            | 12,289           |
|                        | <u>\$ 39,935</u> | <u>\$ 36,660</u> | <u>\$ 86,186</u> | <u>\$ 11,990</u> | <u>\$ 127,854</u> | <u>1,109,291</u> |

Legend:

|   |                                     |
|---|-------------------------------------|
| A | Camp TLC                            |
| B | Prop 10. - Developmental Screenings |
| C | Application Assistance              |
| D | Wraparound                          |
| E | Individual Grant Program            |
| F | Weingart                            |
| G | Parent Leadership                   |
| H | ENF                                 |
| I | Yes You Can                         |
| J | Pretend City                        |
| K | Cal Optima                          |
| L | Parent to Parent                    |
| M | General and Administrative          |

See accompanying notes and independent auditor's report.

## FAMILY SUPPORT NETWORK

### STATEMENT OF CASH FLOWS

TWELVE MONTHS ENDED JUNE 30, 2011

|  |                          |
|--|--------------------------|
| Cash flows from operating activities:  |                          |
| Cash received from grants and contributions  | \$ 947,250               |
| Cash received from other income  | 84,251                   |
| Cash paid for programs   | (950,443)                |
| Cash paid for general and administrative expenses  | <u>(69,595)</u>          |
| Net cash provided by operating activities  | <u>11,463</u>            |
| Cash flows from investing activities:  |                          |
| Cash paid for deposits   | <u>(1,839)</u>           |
| Net cash used in investing activities  | <u>(1,839)</u>           |
| Net increase in cash   | 9,624                    |
| Cash at beginning of year  | <u>535,459</u>           |
| Cash at end of year  | <u><u>\$ 545,083</u></u> |
| Reconciliation of change in net assets to net cash provided<br>by operating activities:        |                          |
| Change in net assets   | \$ 19,600                |
| Adjustments to reconcile change in net assets to net cash provided<br>by operating activities: |                          |
| Depreciation expense   | 245                      |
| Increase in grants receivable  | (69,386)                 |
| Increase in prepaid assets   | (1,690)                  |
| Increase in accounts payable and accrued expenses  | <u>62,695</u>            |
| Net cash provided by operating activities  | <u><u>\$ 11,464</u></u>  |

See accompanying notes and independent auditor's report.

## FAMILY SUPPORT NETWORK

### NOTES TO FINANCIAL STATEMENTS

TWELVE MONTHS ENDED JUNE 30, 2011

#### NOTE 1 - NATURE OF THE ORGANIZATION

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

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Property and Equipment

Property and equipment are stated at cost, except for donated equipment which is stated at fair market value at the date of donation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 5-7 years. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$500.

##### Donated Assets and Services

The Organization records the value of donated cash or other assets as restricted support 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 restrictions. Donated materials and equipment are reflected as contributions in the accompanying statement of activities at their estimated value at the date of receipt. Donated services for which there is an objective basis available to measure the value of such services are stated at fair value. A substantial number of volunteers donate significant amounts of their time in the Organization's program services. The executive director of the Organization earns a salary which is less than that of similar executive directors in similar organizations. The difference between the fair market value of services less the actual pay was \$28,004 for the twelve months ended June 30, 2011 and is included in Other Income on the Statement of Activities.



**FAMILY SUPPORT NETWORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**TWELVE MONTHS ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocated Overhead

The Organization allocates fixed overhead to each program that contractually accepts this policy. The overhead allocation is based upon a ratio of the annual salary cost each program is incurring over the total annual salary for all programs. 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. The total overhead incurred by the Organization during the twelve months ended June 30, 2011 was \$99,850. The Organization charges the programs that contractually accept this policy 9% of their total expenditures for their overhead. The actual overhead charged to the programs during the twelve months ended June 30, 2011 was \$ 77,533 and is included in other income in the statement of activities. Also included in other income is rental income of \$6,350 and interest income of \$368.

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 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.

Financial Statement Presentation

Generally accepted accounting principles in the United States of America require the Organization 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.

Contributions

The Organization records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**FAMILY SUPPORT NETWORK**

**NOTES TO FINANCIAL STATEMENTS**

**TWELVE MONTHS ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. From time-to-time during the twelve months ended June 30, 2011 the Organization had cash in financial institutions which exceeded depositor's insurance provided by the Federal Deposit Insurance Corporation (FDIC). Additionally, the Organization has contracted with the financial institution to guaranty the deposits in excess of the FDIC limit. Accordingly, the Organization believes it is not exposed to significant credit risk on cash and cash equivalents.

**FAMILY SUPPORT NETWORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**TWELVE MONTHS ENDED JUNE 30, 2011**

**NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods:

Camp TLC:

Weekend support camp for parents with children having severe disabilities. \$ 33,322

Developmental Screenings:

Provides increased assess to early screening assessment and intervention for developmental, behavioral, emotional, social or other at-risk issues. 54,670

ENF:

Provides assistance to families who may have difficulty meeting their child's basic needs such as food, clothing, furniture and supplies. 10,808

Weingart Foundation:

Provides funding to the Parent-to-Parent program which provides resources and emotional support to parents with children born with developmental or significant medical issues and to the Application Assistance Program which assists families enroll in Healthy Families, Medi-cal and SSI. 39,905

Yes You Can:

Educational programs conducted by nurses, speech therapists early intervention specialists for at-risk children six months to 3 years old featuring a parent education component and a pre-school environment for the child. 20,395

Individual Grant Program:

Assists impoverished families with special needs children in accessing the necessary items for their well-being. 18,082

Other (24,910)

Total temporarily restricted net assets \$ 152,272

**FAMILY SUPPORT NETWORK**

**NOTES TO FINANCIAL STATEMENTS**

**TWELVE MONTHS ENDED JUNE 30, 2011**

**NOTE 4 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

Net assets were released from donor restrictions by the Organization incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors.

Purpose restrictions accomplished:

|                                    |                       |
|------------------------------------|-----------------------|
| Camp TLC                           | \$ 19,172             |
| Prop 10 - Developmental Screenings | 342,768               |
| Application Assistance             | 34,611                |
| Wraparound                         | 152,576               |
| Individual Grant Program           | 15,608                |
| Weingart                           | 60,095                |
| Parent Leadership                  | 169,566               |
| ENF                                | 12,270                |
| Yes You Can                        | 39,935                |
| Parent to Parent                   | <u>11,990</u>         |
| <br>Total restrictions released    | <br><u>\$ 858,591</u> |

**NOTE 5 - COMMITMENTS**

The Organization conducts its operations from a facility that is leased under a three-year operating lease expiring November 14, 2012. Future minimum rental payments required under the above operating lease as of June 30, 2011 are \$63,617.

**NOTE 6 - RELATED PARTY TRANSACTION**

During the twelve months ended June 30, 2011 the Organization paid \$12,289 to the son of the executive director and \$12,750 to the daughter-in-law of the executive director to write grants and perform educational services on behalf of the Organization, respectively. Additionally Management believes that the fees paid to these individuals were based upon fair rates for similar work charged in the industry. All payments to these individuals were authorized and approved by the board of directors.

**FAMILY SUPPORT NETWORK**

**NOTES TO FINANCIAL STATEMENTS**

**TWELVE MONTHS ENDED JUNE 30, 2011**

**NOTE 7 – CONCENTRATION OF RISK**

The Organization has four programs that, when combined, accounted for 79.4% of total grants and contributions and one program that accounted for 39.1% of total grants and contributions.

The Organization obtains its funding from both private and public support and is subject to certain economic factors. For instance, a downturn in employment or general business output could hinder donations from private sources. A prolonged recession may cause certain public agencies to restrict funding for certain programs.