

FAMILY SUPPORT NETWORK
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2013

FAMILY SUPPORT NETWORK
INDEX TO FINANCIAL STATEMENTS

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Suarez Accountancy Corporation

Richard Suarez, Jr. CPA
(licensed in CA and NV)

Independent Auditors' Report

Board of Directors
Family Support Network
Fullerton, California

We have audited the accompanying statement of financial position of Family Support Network (a California nonprofit corporation) as of June 30, 2013, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 California nonprofit corporation) as of June 30, 2013, and the changes 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.


October 14, 2013

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FAMILY SUPPORT NETWORK
(A California Non-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS

Assets:	
Cash and cash equivalents	\$ 545,097
Grants and accounts receivable (Note 2)	145,619
Prepaid expenses	7,314
Deposits	<u>2,584</u>
 Total assets	 <u>\$ 700,614</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 19,456
Accrued expenses	<u>39,744</u>
 Total liabilities	 59,200
 Net assets:	
Unrestricted	419,820
Unrestricted - Board designated	102,351
Temporarily restricted	<u>119,243</u>
 Total net assets	 <u>641,414</u>
 Total liabilities and net assets	 <u>\$ 700,614</u>

See accompanying notes.

FAMILY SUPPORT NETWORK
(A California Non-Profit Corporation)
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Totals
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 13,720	\$ 56,511	\$ 70,231
Grants	70,050	742,939	812,989
Gifts in-kind	13,758	-	13,758
Other income	16,944	-	16,944
Net assets released from restriction	739,271	(739,271)	-
 Total support and revenue	 853,743	 60,179	 913,922
<u>EXPENSES</u>			
Program services	864,328	-	864,328
General and administrative services	77,368	-	77,368
Fundraising services	19	-	19
 Total expenses	 941,715	 -	 941,715
 Change in net assets	 (87,972)	 60,179	 (27,793)
Net assets, beginning of year	610,143	59,064	669,207
Net assets, end of year	\$ 522,171	\$ 119,243	\$ 641,414

See accompanying notes.

FAMILY SUPPORT NETWORK
(A California Non-Profit Corporation)
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (27,793)
(Increase) decrease in:	
Accounts and contracts receivable	50,239
Prepaid expenses	1,375
Deposits	6,553
Increase (decrease) in:	
Accounts payable	(17,212)
Accrued expenses	18,235
Net cash provided by/(used in) operating activities	<u>31,397</u>
 NET INCREASE IN CASH	 31,397
 Cash and cash equivalents, beginning of the year	 <u>513,700</u>
 Cash and cash equivalents, end of the year	 <u><u>\$ 545,097</u></u>

See accompanying notes.

FAMILY SUPPORT NETWORK
(A California Non-Profit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013

	Camp TLC	Prop. 10 - Development Screening	Application Assistance	Wraparound	Individual Grant Program	Parent Leadership	ENF	Subtotal
Salaries	\$ -	\$ 135,318	\$ 25,933	\$ 84,211	\$ -	\$ 127,513	\$ -	\$ 372,975
Allocated expenses	-	-	3,588	-	-	-	-	3,588
Payroll taxes	-	12,293	2,787	8,930	-	12,047	-	36,057
Insurance - W/C	-	1,305	287	917	-	1,206	-	3,715
Insurance - medical	-	10,149	616	5,231	-	4,017	-	20,013
Employee benefits	-	-	-	-	-	1,481	-	1,481
Mileage	193	2,172	293	1,475	-	2,390	20	6,543
Director's salary & benefits	-	6,395	5,015	14,876	-	13,828	-	40,114
Subcontractor	-	105,520	-	-	-	-	-	105,520
Program specific	24,551	-	-	-	26,631	-	17,724	68,906
Gift cards	-	-	-	1,500	-	-	-	1,500
Advertising and marketing	-	-	-	100	-	-	-	100
Computer expense	-	-	-	-	-	-	-	-
Training	-	-	-	6,577	-	-	-	6,577
Liability insurance	-	1,924	461	1,326	-	1,762	-	5,473
Legal & accounting fees	-	4,887	433	3,766	-	3,725	-	12,811
Office expense	-	23	7	14	-	63	-	107
Supplies	715	2,261	247	1,514	-	1,278	-	6,015
Postage and shipping	-	404	57	240	-	208	-	909
Rent	-	9,677	2,660	6,400	-	11,377	-	30,114
Utilities	-	1,106	290	721	-	1,000	-	3,117
Janitorial	-	1,584	379	1,079	-	1,440	-	4,482
Trash removal	-	-	-	-	-	-	-	-
Telephone	-	1,613	397	1,083	-	3,252	-	6,345
Moving expense	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Real estate taxes	-	-	-	-	-	-	-	-
Grant writing	-	-	-	-	-	-	-	-
Total expenses	\$ 25,459	\$ 296,631	\$ 43,450	\$ 139,960	\$ 26,631	\$ 186,587	\$ 17,744	\$ 736,462

See accompanying notes.

FAMILY SUPPORT NETWORK
(A California Non-Profit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2013

	Subtotal	Pretend City	Cal Optima	Parent to Parent	Father Engagement	Total Program	General & Admin	Fundraising	Total
Salaries	\$ 372,975	\$ 3,365	\$ 9,150	\$ 28,563	\$ 22,497	\$ 436,550	\$ 33,730	\$ -	\$ 470,280
Allocated expenses	3,588	-	3,558	3,534	3,007	13,687	-	-	13,687
Payroll taxes	36,057	262	954	3,478	2,591	43,342	2,821	-	46,163
Insurance - W/C	3,715	28	89	293	221	4,346	52	-	4,398
Insurance - medical	20,013	-	197	113	81	20,404	1,818	-	22,222
Employee benefits	1,481	-	-	-	-	1,481	482	-	1,963
Mileage	6,543	-	151	-	1,022	7,716	2,321	-	10,037
Director's salary & benefits	40,114	-	1,335	1,599	1,142	44,190	-	-	44,190
Subcontractor	105,520	-	25,650	-	-	131,170	-	-	131,170
Program specific	68,906	-	-	-	-	68,906	-	-	68,906
Gift cards	1,500	-	-	-	-	1,500	-	-	1,500
Advertising and marketing	100	-	-	-	-	100	-	-	100
Computer expense	-	-	-	-	-	-	329	-	329
Training	6,577	-	-	-	460	7,037	-	-	7,037
Liability insurance	5,473	-	141	472	258	6,344	664	-	7,008
Legal & accounting fees	12,811	-	169	3,592	244	16,816	1,695	-	18,511
Office expense	107	-	92	5	102	306	6,902	-	7,208
Supplies	6,015	-	173	129	130	6,447	1,090	19	7,556
Postage and shipping	909	-	18	31	25	983	26	-	1,009
Rent	30,114	-	2,965	-	3,199	36,278	7,165	-	43,443
Utilities	3,117	-	105	176	116	3,514	91	-	3,605
Janitorial	4,482	-	116	204	227	5,029	230	-	5,259
Trash removal	-	-	-	-	-	-	942	-	942
Telephone	6,345	-	137	610	1,090	8,182	398	-	8,580
Moving expense	-	-	-	-	-	-	5,327	-	5,327
Licenses and permits	-	-	-	-	-	-	245	-	245
Real estate taxes	-	-	-	-	-	-	42	-	42
Grant writing	-	-	-	-	-	-	10,998	-	10,998
Total expenses	\$ 736,462	\$ 3,655	\$ 45,000	\$ 42,799	\$ 36,412	\$ 864,328	\$ 77,368	\$ 19	\$ 941,715

See accompanying notes.

FAMILY SUPPORT NETWORK
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Nature of Activities

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.

2. 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, 2013 were \$119,243.
- 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, 2013.

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.

3. 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.

FAMILY SUPPORT NETWORK
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

4. 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.

5. 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.

6. Cash and Cash Equivalents

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

7. 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.

8. 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, 2013, approximately 140 nonspecialized volunteers contributed a total of 4,850 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.

FAMILY SUPPORT NETWORK
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

8. 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 \$66,340 are recorded as income and expense in the statement of activities for the year ended June 30, 2013.

9. 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, 2013 due to historical and projected collections.

10. 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.

11. 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.

12. Subsequent Events

The Organization evaluated subsequent events through October 14, 2013, the date these financial statements were available to be issued. There were no material subsequent events that

FAMILY SUPPORT NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2013

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
 (Continued)

12. Subsequent Events (Continued)

required recognition or additional disclosure in these financial statements.

NOTE B - GRANTS AND ACCOUNTS RECEIVABLE

The Organization has secured funding through various private and public grants that support the programs administered by the Organization. Grants and accounts receivable as of June 30, 2013 are expected to be received as follows:

Amounts due in less than one year	\$ <u>145,619</u>
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NOTE C - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2013 are summarized as follows:

Accrued payroll	\$ 23,442
Payroll taxes	6,281
Accrued vacation	<u>10,021</u>
	<u>\$ 39,744</u>

NOTE D - COMMITMENTS AND SUBSEQUENT EVENT

The Organization conducts its operations from a facility that is leased under a non-cancelable operating lease that expired in November 2012. In August 2012, the Organization entered into a non-cancelable lease agreement for a new operating facility beginning in November 2012 and set to expire in October 2015. Total rent expense for the aforementioned leases were \$43,568 for the year ended June 30, 2013.

The expected future minimum lease payments for the aforementioned leases are as follows:

Years ending June 30:	
2014	\$ 31,008
2015	31,008
2016	<u>10,336</u>
	<u>\$ 72,352</u>

FAMILY SUPPORT NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2013

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Temporarily Restricted Net Assets as of June 30, 2013 are available for the following purposes:

Camp TLC - Weekend support camp for parents with children having severe disabilities.	\$ 13,380
ENF - Provides assistance to families who may have difficulty meeting their child's basic needs such as food, clothing, furniture, and supplies.	7,071
MAA Development Screenings - Provides increased access to early screening assessment and intervention for development, behavioral, emotional, social, or other at-risk issues.	67,043
Other	<u>31,749</u>
Total temporarily restricted net assets	<u>\$ 119,243</u>

Temporarily Restricted Net Assets were released during the year ended June 30, 2013 for the following purposes:

Camp TLC	\$ 25,459
Development Screenings	300,000
Wraparound	152,558
Parent Leadership	201,801
Other Programs	<u>59,453</u>
	<u>\$ 739,271</u>

NOTE F - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2013, the Organization paid a total of \$14,697 to family members of the Executive Director, to write grants, provide IT services, and for reimbursements for miscellaneous expenses incurred on behalf of the Organization. The Organization's management believes that the compensation paid to the individuals was based upon market rates for similar work charged in the industry. All payments to these individuals were authorized and approved by the Board of Directors.

NOTE G – BOARD DESIGNATED RESERVE

The Board of Directors have designated \$102,351 of the Unrestricted Net Assets to be set aside as an operating contingency reserve.