

FAMILY SUPPORT NETWORK
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014, 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, 2014, 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 15, 2014

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FAMILY SUPPORT NETWORK
(A California Non-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014

ASSETS

Assets:	
Cash and cash equivalents	\$ 524,179
Grants and accounts receivable (Note 2)	168,160
Prepaid expenses	13,211
Deposits	2,584
Property and equipment, net	1,642
Total assets	\$ 709,776

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 19,895
Accrued expenses	38,588
Total liabilities	58,483
Net assets:	
Unrestricted	371,730
Unrestricted - Board designated	102,351
Temporarily restricted	177,212
Total net assets	651,293
Total liabilities and net assets	\$ 709,776

See accompanying notes.

FAMILY SUPPORT NETWORK
(A California Non-Profit Corporation)
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Totals
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 22,342	\$ 36,986	\$ 59,328
Grants	-	756,142	756,142
Other income	156	-	156
Net assets released from restriction	735,159	(735,159)	-
 Total support and revenue	 757,657	 57,969	 815,626
<u>EXPENSES</u>			
Program services	723,286	-	723,286
General and administrative services	82,042	-	82,042
Fundraising services	419	-	419
 Total expenses	 805,747	 -	 805,747
 Change in net assets	 (48,090)	 57,969	 9,879
Net assets, beginning of year	522,171	119,243	641,414
Net assets, end of year	\$ 474,081	\$ 177,212	\$ 651,293

See accompanying notes.

FAMILY SUPPORT NETWORK
(A California Non-Profit Corporation)
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 9,879
Accounts and contracts receivable	(22,541)
Prepaid expenses	(5,897)
Accounts payable	439
Accrued expenses	(1,156)
Net cash provided by/(used in) operating activities	<u>(19,276)</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(1,642)
Net cash provided by/(used in) investing activities	<u>(1,642)</u>
NET DECREASE IN CASH	(20,918)
Cash and cash equivalents, beginning of the year	<u>545,097</u>
Cash and cash equivalents, end of the year	<u>\$ 524,179</u>

See accompanying notes.

FAMILY SUPPORT NETWORK
(A California Non-Profit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	Camp Hope	Prop. 10 - Development Screening	MAA	Application Assistance	Wraparound	Individual Grant Program	Parent Leadership	ENF	Subtotal
Salaries	\$ -	\$ 123,117	\$ -	\$ 13,073	\$ 85,320	\$ -	\$ 129,091	\$ -	\$ 350,601
Payroll taxes	-	11,085	-	1,326	9,089	-	12,951	-	34,451
Insurance - W/C	-	1,463	-	175	1,119	-	1,619	-	4,376
Insurance - medical	-	8,324	-	52	5,094	-	2,686	-	16,156
Employee benefits	-	-	-	-	-	-	-	-	-
Mileage	-	2,522	-	196	1,561	-	2,550	-	6,829
Director's salary & benefits	-	6,532	-	2,706	15,475	-	15,047	-	39,760
Subcontractor	-	105,279	-	-	-	-	-	-	105,279
Program specific	6,538	-	-	-	-	5,360	-	10,063	21,961
Gift cards	-	-	-	-	1,000	-	-	-	1,000
Advertising and marketing	-	-	-	-	200	-	-	-	200
Training	-	-	-	-	9,860	-	-	-	9,860
Liability insurance	-	1,630	-	181	1,296	-	1,949	-	5,056
Legal & accounting fees	-	4,073	-	191	3,815	-	3,251	-	11,330
Office expense	-	64	-	1	3	-	4	-	72
Supplies	-	3,939	1,188	147	800	-	1,450	-	7,524
Postage and shipping	-	949	-	32	263	-	327	-	1,571
Rent	-	8,682	-	1,214	6,693	-	9,638	-	26,227
Utilities	-	1,057	-	139	814	-	1,184	-	3,194
Janitorial	-	1,098	-	163	848	-	1,206	-	3,315
Trash removal	-	-	-	-	-	-	-	-	-
Telephone	-	1,002	-	144	764	-	3,286	-	5,196
Licenses and permits	-	-	-	-	-	-	-	-	-
Real estate taxes	-	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-	-	-
Grant writing	-	-	-	-	-	-	-	-	-
Total expenses	\$ 6,538	\$ 280,816	\$ 1,188	\$ 19,740	\$ 144,014	\$ 5,360	\$ 186,239	\$ 10,063	\$ 653,958

See accompanying notes.

FAMILY SUPPORT NETWORK
(A California Non-Profit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2014

	Subtotal	ALPHA	Cal Optima	Parent to Parent	Father Engagement	Total Program	General & Admin	Fundraising	Total
Salaries	\$ 350,601	\$ -	\$ 6,804	\$ 30,106	\$ 12,087	\$ 399,598	\$ 27,626	\$ -	\$ 427,224
Payroll taxes	34,451	-	653	3,642	1,106	39,852	3,824	-	43,676
Insurance - W/C	4,376	-	74	379	146	4,975	634	-	5,609
Insurance - medical	16,156	-	-	65	18	16,239	(2,085)	-	14,154
Employee benefits	-	-	-	-	-	-	227	-	227
Mileage	6,829	-	-	-	670	7,499	3,681	-	11,180
Director's salary & benefits	39,760	-	-	3,459	963	44,182	22,379	-	66,561
Subcontractor	105,279	-	-	-	-	105,279	-	-	105,279
Program specific	21,961	4,498	-	-	-	26,459	-	20	26,479
Gift cards	1,000	-	-	-	-	1,000	-	-	1,000
Advertising and marketing	200	-	-	-	-	200	25	-	225
Training	9,860	-	-	-	342	10,202	-	-	10,202
Liability insurance	5,056	-	-	451	132	5,639	715	-	6,354
Legal & accounting fees	11,330	-	-	982	126	12,438	1,263	-	13,701
Office expense	72	-	-	-	1	73	7,671	399	8,143
Supplies	7,524	-	-	55	98	7,677	1,051	-	8,728
Postage and shipping	1,571	-	-	-	23	1,594	178	-	1,772
Rent	26,227	-	-	-	853	27,080	6,580	-	33,660
Utilities	3,194	-	-	-	104	3,298	482	-	3,780
Janitorial	3,315	-	-	-	118	3,433	507	-	3,940
Trash removal	-	-	-	-	-	-	1,519	-	1,519
Telephone	5,196	-	-	820	553	6,569	448	-	7,017
Licenses and permits	-	-	-	-	-	-	96	-	96
Real estate taxes	-	-	-	-	-	-	37	-	37
Depreciation expense	-	-	-	-	-	-	86	-	86
Grant writing	-	-	-	-	-	-	5,098	-	5,098
Total expenses	\$ 653,958	\$ 4,498	\$ 7,531	\$ 39,959	\$ 17,340	\$ 723,286	\$ 82,042	\$ 419	\$ 805,747

See accompanying notes.

FAMILY SUPPORT NETWORK
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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, 2014 were \$177,212.
- 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, 2014.

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, 2014

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% or 10% 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, 2014, approximately 150 nonspecialized volunteers contributed a total of 1,338 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 Hope volunteers, 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, 2014

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

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, 2014 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 15, 2014, 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, 2014

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, 2014 are expected to be received as follows:

Amounts due in less than one year	\$168,160
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NOTE C - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2014 are summarized as follows:

Accrued payroll	\$ 23,602
Payroll taxes	6,216
Accrued vacation	<u>8,770</u>
	<u>\$ 38,589</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, 2014.

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

Years ending June 30:

2015	31,008
2016	<u>10,336</u>
	<u>\$ 41,334</u>

FAMILY SUPPORT NETWORK
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Temporarily Restricted Net Assets as of June 30, 2014 are available for the following purposes:

Camp TLC - Weekend support camp for parents with children having severe disabilities.	\$ 23,648
ENF - Provides assistance to families who may have difficulty meeting their child's basic needs such as food, clothing, furniture, and supplies.	3,938
MAA Development Screenings - Provides increased access to early screening assessment and intervention for development, behavioral, emotional, social, or other at-risk issues.	121,605
Other	<u>28,021</u>
Total temporarily restricted net assets	<u>\$ 177,212</u>

Temporarily Restricted Net Assets were released during the year ended June 30, 2014 for the following purposes:

Development Screenings	\$ 300,001
Wraparound	158,574
Parent Leadership	203,001
Other Programs	<u>73,583</u>
	<u>\$ 735,159</u>

NOTE F - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2014, the Organization paid a total of \$5,922.50 to family members of the Executive Director, to write grants and provide IT services. 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.

