
**THE FAMILY SUPPORT CENTER
OF SOUTH SOUND**

A WASHINGTON NON-PROFIT ORGANIZATION

Financial Statements

For the Fiscal Year Ended June 30, 2009

Aiken & Sanders, Inc PS

CERTIFIED PUBLIC ACCOUNTANTS
& MANAGEMENT CONSULTANTS

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December 8, 2009

To the Board of Directors
The Family Support Center of South Sound
P.O. Box 784
Olympia, WA 98507

We have reviewed the accompanying statement of financial position of The Family Support Center of South Sound (FSC) as of June 30, 2009; the related statement of activities and changes in net assets; statement of functional expenses; and the statement of cash flows for the fiscal year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the FSC.

A review consists principally of inquiries of the FSC personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States.

The prior year summarized comparative information has been derived from financial statements for the fiscal year ended June 30, 2008, which were audited by us and we expressed an unqualified opinion on them in our report dated December 5, 2008, but we have not performed any auditing procedures since that date.

Aiken & Sanders, Inc., PS
Certified Public Accountants
and Management Consultants

**The Family Support Center
of South Sound
A Washington Not-For-Profit Organization**

Statement of Financial Position

June 30, 2009 (With Comparative Totals for 2008)	2009 Unaudited	2008	Audited
ASSETS			
<u>Current Assets</u>			
Cash	\$ 268,636	\$ 299,533	
Accounts Receivable	43,882	35,171	
Prepaid Expenses	2,580	2,443	
Total Current Assets	315,098	337,147	
<u>Furniture and Equipment, Net</u>	<u>19,072</u>	<u>24,806</u>	
Total Assets	\$ 334,170	\$ 361,953	
LIABILITIES & NET ASSETS			
<u>Current Liabilities</u>			
Accounts Payable	\$ 7,313	\$ 11,583	
Payroll Taxes & Benefits Payable	10,602	13,484	
Deferred Revenue	-	1,200	
Accrued Annual Leave	5,410	5,796	
Custodial Fund	65	65	
Total Current Liabilities	23,390	32,128	
<u>Net Assets</u>			
Unrestricted	305,780	324,825	
Temporarily Restricted	5,000	5,000	
Total Net Assets	310,780	329,825	
Total Liabilities & Net Assets	\$ 334,170	\$ 361,953	

See accountants' review report.

The accompanying notes are an integral part of these financial statements.

**The Family Support Center
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Statement of Activities and Changes in Net Assets

Fiscal Year Ended June 30, 2009 (With Comparative Totals for 2008)			2009 Unaudited	2008 Audited
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
<u>Support and Revenue</u>				
Grants	\$ 301,293	\$ -	\$ 301,293	\$ 294,788
Contributions	8,584	-	8,584	275,802
Inkind	114,460	-	114,460	108,000
Operations & Maintenance Income	53,765	-	53,765	49,841
Service Fees	11,089	-	11,089	19,690
Fundraising	60,380	-	60,380	58,540
Less Costs of Direct Benefits to Donors	(28,613)	-	(28,613)	(22,460)
Interest Income	3,816	-	3,816	4,893
Miscellaneous Income	516	-	516	-
Total Support and Revenue	525,290	-	525,290	789,094
<u>Expenses:</u>				
Program Services:				
Family Resources	32,847	-	32,847	31,789
Parent Education	28,647	-	28,647	34,627
Homeless Family Services	103,169	-	103,169	92,213
Supervised Visits	135,116	-	135,116	117,717
Facilities Management	148,307	-	148,307	147,044
	448,086	-	448,086	423,390
Management and General	84,468	-	84,468	65,065
Fundraising	11,781	-	11,781	16,460
Total Expenses	544,335	-	544,335	504,915
Change in Net Assets	(19,045)	-	(19,045)	284,179
Net Assets, Beginning of Year	324,825	5,000	329,825	45,646
Net Assets, End of Year	\$ 305,780	\$ 5,000	\$ 310,780	\$ 329,825

See accountants' review report.

The accompanying notes are an integral part of these financial statements.

**The Family Support Center
of South Sound
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Statement of Cash Flows

Fiscal Year Ended June 30, 2009 (With Comparative Totals for 2008)	2009 Unaudited	2008 Audited
<u>Cash Flows From Operating Activities</u>		
Change in Net Assets	\$ (19,045)	\$ 284,179
Adjustments to reconcile change in net assets to net cash provided (used) from operating activities		
Depreciation	6,164	6,564
(Increase) Decrease In		
Accounts Receivable	(8,711)	(10,525)
Prepaid Expenses	(137)	10
Increase (Decrease) In		
Accounts Payable	(4,270)	5,229
Payroll Taxes & Benefits Payable	(2,882)	6,499
Custodial Fund	-	65
Deferred Revenue	(1,200)	99
Accrued Annual Leave	(386)	2,799
	<u>(30,467)</u>	<u>294,919</u>
Net Cash Provided (Used) by Operating Activities	(30,467)	294,919
<u>Cash Flows From Investing Activities</u>		
Equipment Purchases	(430)	(3,010)
	<u>(430)</u>	<u>(3,010)</u>
Net Cash Used In Investing Activities	(430)	(3,010)
<u>Cash Flows From Financing Activities</u>		
Proceeds from Line of Credit	15,193	10,229
Payments on Line of Credit	(15,193)	(15,433)
	<u>-</u>	<u>(5,204)</u>
Net Cash Used by Financing Activities	-	(5,204)
Net Increase (Decrease) in Cash & Cash Equivalents	(30,897)	286,705
Cash & Cash Equivalents at Beginning of Year	299,533	12,828
Cash & Cash Equivalents at End of Year	\$ 268,636	\$ 299,533
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Fiscal Year for Interest	\$ 684	\$ 710

See accountants' review report.

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**The Family Support Center
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Statement of Functional Expenses

Fiscal Year Ended June 30, 2009 (With Comparative Totals for 2008)								2009 Unaudited	2008 Audited	
	Family Resource	Parent Education	Homeless Family Services	Supervised Visits	Facilities Management	Total Program Services	Mgmt. and General	Fund Raising	Total Expense	Total Expense
Salaries	\$ 25,833	\$ 14,364	\$ 65,903	\$ 87,901	\$ 6,325	\$ 200,326	\$ 47,984	-	\$ 248,310	\$ 187,138
Payroll Taxes	2,207	1,184	5,632	7,731	-	16,754	6,842	-	23,596	15,932
Employee Benefits	617	315	2,912	4,460	-	8,304	2,535	-	10,839	11,100
Contract Labor	-	7,771	11,345	135	1,815	21,066	-	4,725	25,791	53,543
Repairs & Maintenance	-	-	-	-	12,514	12,514	270	-	12,784	14,338
Insurance	33	33	132	-	3,063	3,261	42	-	3,303	3,268
Office Expense	38	156	123	-	44	361	1,954	158	2,473	2,105
Postage	-	83	8	10	581	682	276	343	1,301	2,234
Printing	207	42	1,233	363	157	2,002	511	1,507	4,020	4,317
Professional Fees	1,951	720	4,447	4,364	-	11,482	3,118	-	14,600	13,400
Credit Card Fee	-	-	-	-	-	-	-	1,716	1,716	2,065
Interest Expense	-	-	-	-	-	-	684	-	684	710
Program Expenses	287	2,602	1,751	543	1,889	7,072	2,606	197	9,875	12,730
Telephone	-	-	1,271	1,040	-	2,311	5,952	330	8,593	8,327
Travel & Training	41	26	1,012	26,672	-	27,751	1,123	164	29,038	20,874
Utilities	240	240	984	-	22,323	23,787	302	-	24,089	24,092
Depreciation	824	303	1,877	1,842	-	4,846	1,318	-	6,164	6,564
Auction Expense	-	-	-	-	-	-	-	2,100	2,100	10,805
Miscellaneous Expense	-	26	146	55	20	247	352	-	599	3,373
Inkind	569	782	4,393	-	99,576	105,320	8,599	541	114,460	108,000
Total Expenses	\$ 32,847	\$ 28,647	\$ 103,169	\$ 135,116	\$ 148,307	\$ 448,086	\$ 84,468	\$ 11,781	\$ 544,335	\$ 504,915

*See accountants' review report.
The accompanying notes are an integral part of these financial statements.*

**The Family Support Center
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Notes to the Financial Statement

Fiscal Year Ended June 30, 2009

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mission and Programs

The Family Support Center of South Sound (FSC) is a non-profit entity established in January 2000, to provide collaborative services which foster healthy child development and help families obtain self-sufficiency in Thurston County.

The significant programs operated by the FSC during the fiscal year were as follows:

- Family Resource provides low-income families with crisis intervention, advocacy, resources, referrals, and on-going support and assistance.
- Parent Education offers a variety of options for parenting support such as evidence-based parent education classes, workshops, family-focused support groups, and parenting/developmental assessments.
- Homeless Family Services provides single women and families with strength-based case management services, advocacy, basic needs supplies, shelter, and community referrals to support clients in acquiring and maintaining permanent housing.
- Supervised Visits provides a healthy and safe environment for court ordered visitation between children and their non-custodial parents.

Basis of Accounting

The FSC maintains its financial records on the accrual basis of accounting. Revenues on all grants are recognized (accrued) when qualifying expenditures under the grant are made. Grant funds are accounted for as unrestricted or temporarily restricted as provided in the particular terms of the respective grant contracts. When restrictions on grant funds are met in the same year the funds are awarded, it is the policy of the FSC to record the grant funds as unrestricted on the statement of activities and changes in net assets.

Contributions

The FSC reports gifts of cash and other assets as restricted support if they are received with donor stipulations limiting the use of the donated assets. However, restricted gifts for which the donor restriction is met in the same period the gift is received are recorded as unrestricted revenue.

When a donor restriction expires, that is, when a stipulated time restriction ends or the 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.

**The Family Support Center
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Notes to the Financial Statement

Fiscal Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)

The FSC reports gifts of long-lived assets, as well as gifts of other assets restricted to the acquisition or construction of long-lived assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Temporarily restricted long-lived assets are considered to be released from restrictions as the asset is depreciated over its useful life. Absent explicit donor instructions about how long-lived assets must be maintained, the FSC reports the expiration of donor restriction when the donated or acquired asset is placed in service.

Income Tax

The FSC is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may vary from the estimates that were used.

Statement of Cash Flows

Cash and cash equivalents include cash on hand and cash on deposit in financial institutions.

Furniture and Equipment

Furniture and equipment purchased by the FSC is recorded at cost. Furniture and equipment donated to the FSC is capitalized at its estimated fair value. The FSC's policy is to expense the acquisition cost of equipment in the year it is purchased if its cost is less than \$500. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of furniture and equipment are sold or are otherwise disposed of, the appropriate cost and related accumulated depreciation amounts are removed from the accounts and any gains or loss is included in income.

Advertising

Advertising costs are expensed as they are incurred.

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Notes to the Financial Statement

Fiscal Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)

Support and Revenue

The FSC receives a substantial amount of its support and revenue from training fees and grants. If a significant reduction in the level of this support and revenue occurred, it could have a significant effect on the FSC'S programs and activities.

NOTE 2 – LINE OF CREDIT:

The FSC has a line of credit from Venture Bank in the amount of \$10,000 at an interest rate of prime plus 2% (currently stated at 3.25%) but not less than 7.75%. The line of credit is secured by a security interest in accounts receivable and furniture and equipment. The line of credit expires in March 30, 2010. The balance as of June 30, 2009 and 2008, was \$0 and \$0, respectively.

NOTE 3 -FURNITURE AND EQUIPMENT:

At June 30, 2009 and 2008, furniture and equipment includes the following:

	<u>2009</u>	<u>2008</u>
Computer Equipment	\$ 38,187	\$ 76,240
Furniture and Fixtures	52,656	52,656
Telephone System	23,453	23,453
	<hr/>	<hr/>
	114,296	152,349
Accumulated Depreciation	(95,224)	(127,543)
	<hr/>	<hr/>
Total	<u>\$ 19,072</u>	<u>\$ 24,806</u>

NOTE 4 - LEASING ARRANGEMENTS:

City of Olympia Lease Agreement

The FSC leases its facility from the City of Olympia. The City restored the building and converted it to a multi-purpose community center for use as the Family Support Center. The FSC leases the building for \$1 per year. The value of donated facilities is reflected in the financial statements as in-kind revenue and in-kind expense, and for the fiscal years ended June 30, 2009 and 2008, was \$108,000 and \$108,000, respectively.

The lease term is 21 years from June 1993. The City may extend the lease for ten years and may charge the FSC rent for this additional term at an amount not to exceed the prevailing market rate.

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Notes to the Financial Statement

Fiscal Year ended June 30, 2009

NOTE 4 - LEASING ARRANGEMENTS (CON'T.)

The City of Olympia is responsible for major repairs to the building and its systems and major maintenance of the building and grounds. The FSC is responsible for minor repairs, custodial care, utilities and administering occupancy of the building with an array of child-serving agencies and programs.

If the City terminates the lease, the FSC shall receive an amount equal to the amortized value of its contribution to the building restoration if any, less any remaining contribution balance owed. If the FSC terminates the lease, it relinquishes any claims to the residual value of its contributions.

Tenant Lease Agreements

There are five family-serving agencies located in the FSC facility. The leases are month to month and are payable monthly or quarterly. For the fiscal years ended June 30, 2009 and 2008, \$53,765 and \$49,841 are reported as operations & maintenance income on the statement of activities.

NOTE 5 - ACCOUNTS RECEIVABLE:

Accounts (grants) receivable are recorded to the extent of qualifying grant expenditures made during the current year that are to be reimbursed after year end.

FSC uses the direct write-off method, which is not in accordance with generally accepted accounting principles. When an amount becomes uncollectible, it is charged to expense in the year it is deemed to be uncollectible. During 2009 and 2008, there were bad debts of \$0. As of June 30, 2009, management estimated that all accounts receivable were collectible.

NOTE 6 – EMPLOYEE BENEFITS:

FSC provides its employees with paid annual and sick leave in accordance with its current policies. Sick leave benefits are cumulative only to the extent of use for illness. Accrued and unused annual leave is payable to the employee in cash upon termination.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS:

As required by the terms of the lease agreement with the City of Olympia, the FSC is required to establish a reserve fund. The reserve fund is to be used for maintaining and operating the building and is temporarily restricted. As of June 30, 2009 and 2008, reserve funds totaled \$5,000 and \$5,000, respectively.

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Notes to the Financial Statement

Fiscal Year ended June 30, 2009

NOTE 8 - DEFERRED REVENUES:

Deferred revenue is recognized for program (grant) advances received by the FSC that are in excess of current grant expenditures. Such amounts are restricted funds and as such can only be maintained and used in accordance with the respective grant contracts.

NOTE 9 – CONTINGENCIES:

Amounts received or receivable from government agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the FSC if so determined in the future. It is management's belief that no material amounts received or receivable will be required to be returned in the future.

NOTE 10 - INKIND:

During the fiscal years ended June 30, 2009, the FSC received donated materials to be used in their programs. The donated materials were recorded as inkind revenue and expense at an estimated fair value of \$6,460.

NOTE 11 – CONCENTRATION OF CREDIT RISK:

From time to time, FSC has deposits in excess of the Federal Deposit Insurance Corporation's insurance limit. Management does not believe the FSC is subject to significant risk of loss related to these deposits. FSC did not have any accounts exceeding the FDIC insured limit of \$250,000 at June 30, 2009.

NOTE 12 – SUBSEQUENT EVENTS

The Agency did not have any other subsequent events through December 8, 2009, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the fiscal year ended June 30, 2009.

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Notes to the Financial Statement

Fiscal Year ended June 30, 2009

NOTE 13 – UNCERTAIN TAX POSITIONS

In December 2008, the Financial Accounting Standards Board issued FASB Staff Position Fin 48-3, “Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises.” FSB Fin 48-3 permits an entity within its scope to defer the effective date of FASB Interpretation 48, Accounting for Uncertainty in Income Taxes (FASB Accounting Standards Codification (ASC) 740, Income Taxes), to its annual financial statements for fiscal years beginning after December 15, 2008. The Agency has elected to defer the application of the uncertain tax position provisions of ASC 740 for the fiscal year ended June 30, 2009.

The Agency evaluates its uncertain tax positions using the provisions of ASC 450, Contingencies. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonable estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized.