

LEMAY CHILD AND FAMILY CENTER
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
With
INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED DECEMBER 31, 2009 & 2008

LEMAY CHILD AND FAMILY CENTER

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Independent Auditor's Report

To the Board of Directors
Lemay Child and Family Center

We have audited the accompanying statements of financial position of Lemay Child and Family Center as of December 31, 2009 and 2008, and the related statements of activities, and cash flows 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 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 Lemay Child and Family Center as of December 31, 2009 and 2008 and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of functional expenses on page ten is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Nichols, Ziemann, Ahmed & Co.

Nichols, Ziemann, Ahmed & Co.
May 12, 2010

LEMAY CHILD AND FAMILY CENTER
STATEMENTS OF FINANCIAL POSITION
December 31, 2009 & 2008

ASSETS

	2009	2008
Current Assets		
Cash	\$ 127,058	\$ 167,076
Accounts receivable, net	24,160	19,768
Unconditional promises to give	220,113	251,709
Prepaid insurance	9,196	15,810
Total current assets	380,527	454,363
 Fixed Assets		
Land	29,347	29,347
Buildings and improvements	1,588,619	1,577,338
Furniture and equipment	92,809	91,197
Playground equipment	12,131	12,131
Automobiles	46,244	46,244
Accumulated depreciation	(470,491)	(421,552)
Net fixed assets	1,298,659	1,334,705
 Total assets	\$ 1,679,186	\$ 1,789,068

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 7,074	\$ 9,027
Line of credit	135,000	135,000
Note payable IDA	115,000	115,000
Current portion of long-term debt	7,471	6,696
Accrued payroll and vacation	35,886	32,059
Enrollment deposits	6,415	6,992
Total current liabilities	306,846	304,774
 Long-term Debt	65,564	73,334
Total liabilities	372,410	378,108
 Net Assets		
Unrestricted	1,059,816	1,157,058
Temporarily restricted	246,960	253,902
Total net assets	1,306,776	1,410,960
 Total liabilities and net assets	\$ 1,679,186	\$ 1,789,068

See accountant's audit report and notes to financial statements.

LEMAY CHILD AND FAMILY CENTER
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2009 & 2008

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Program tuition	\$ 755,656	\$ -	\$ 755,656	\$ 651,484	\$ -	\$ 651,484
Scholarships	(459,707)	-	(459,707)	(350,539)	-	(350,539)
Net program tuition	295,949	-	295,949	300,945	-	300,945
United Way support	13,437	220,113	233,550	15,282	224,793	240,075
Government grants	140,272	-	140,272	185,305	-	185,305
DFS fees	199,364	-	199,364	118,280	-	118,280
Contributions and grants	42,860	-	42,860	88,018	-	88,018
Capital contributions and grants	-	13,020	13,020	-	361,939	361,939
Fundraising	27,809	-	27,809	32,274	-	32,274
Donated services	5,767	-	5,767	15,011	-	15,011
All other	1,932	-	1,932	3,850	-	3,850
Net assets released from restrictions	240,075	(240,075)	-	611,595	(611,595)	-
Total support and revenue	967,465	(6,942)	960,523	1,370,560	(24,863)	1,345,697
EXPENSES						
Program services	862,314	-	862,314	813,851	-	813,851
Management and general	137,285	-	137,285	125,075	-	125,075
Fundraising	65,108	-	65,108	56,813	-	56,813
Total expenses	1,064,707	-	1,064,707	995,739	-	995,739
INCREASE (DECREASE) IN NET ASSETS	\$ (97,242)	\$ (6,942)	\$ (104,184)	\$ 374,821	\$ (24,863)	\$ 349,958
NET ASSETS - BEGINNING OF YEAR	1,157,058	253,902	1,410,960	782,237	278,765	1,061,002
NET ASSETS - END OF YEAR	\$ 1,059,816	\$ 246,960	\$ 1,306,776	\$ 1,157,058	\$ 253,902	\$ 1,410,960

See accountant's audit report and notes to financial statements.

LEMAY CHILD AND FAMILY CENTER
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2009 & 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (104,184)	\$ 349,958
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities		
Depreciation	48,939	42,485
In-kind building donations	-	(9,798)
(Increase) decrease in:		
Accounts receivable	(4,392)	(4,675)
Promises to give	31,596	(25,037)
Prepays	6,614	(1,689)
Increase (decrease) in:		
Accounts payable	(1,953)	7,657
Accrued payroll and vacation	3,827	7,614
Enrollment deposits	(577)	1,550
Net cash (used) provided by operating activities	(20,130)	368,065
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(12,893)	(450,093)
Net cash used by investing activities	(12,893)	(450,093)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	-	135,000
Principal payments	(6,995)	(41,737)
Net cash (used) provided by financing activities	(6,995)	93,263
Net (decrease) increase in cash	\$ (40,018)	\$ 11,235
CASH - BEGINNING OF YEAR	167,076	155,841
CASH - END OF YEAR	\$ 127,058	\$ 167,076
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	\$ 17,102	\$ 20,808

See accountant's audit report and notes to financial statements.

LEMAY CHILD AND FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
For The Years Ended December 31, 2009 & 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Lemay Child and Family Center, Inc., (the "Organization") is a private not-for-profit, non-denominational agency providing early childhood education and family support programs to Lemay, Missouri and the surrounding geographic area. The Organization commenced operations in March 1976. The Organization receives a substantial amount of its revenue from government sponsored assistance programs such as the Division of Social Services and Title XX. Its remaining revenues are derived primarily from tuition from families and contributions from private organizations.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles.

Basis of presentation

Net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor imposed restriction.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income from these assets. Currently there are no permanently restricted net assets.

Restricted and unrestricted support

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily restricted or permanently restricted support. Contributions restricted for capital items are recorded as an increase in temporarily restricted net assets until the capital expenditures are made. All restricted support is reported as temporarily restricted or permanently restricted net assets and expirations of restrictions are reclassified to unrestricted net assets.

Grants

Grants received from St. Louis County Department of Planning, Department of Social Services, and U.S. Department of Education are recognized on a cost reimbursement basis. All other grants are recorded as unconditional promises to give.

Cash and cash equivalents

For the purpose of the statements of financial position and cash flows, the Organization considers all short-term investments with an original maturity of 90 days or less to be cash.

Accounts receivable and allowance for doubtful accounts

Accounts receivable consist mainly of tuition and purchased service grants and are carried at net realizable value. The Organization allows for estimated losses on accounts receivable based on prior bad debt experience and review of existing receivables.

LEMAY CHILD AND FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
For The Years Ended December 31, 2009 & 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes

The Organization is a nonprofit corporation and qualifies as a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code (the "Code"). It has been determined that the Organization is not a private foundation within the meaning of section 509 (a) of the Code.

Fixed Assets

Fixed assets are recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts. The Organization capitalizes all fixed asset purchases \$1,000 or more. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	15 - 40 years
Furniture and equipment	3 - 5 years
Automobiles	5 years

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Compensated Absences

The Organization has a formal paid time off policy for employee benefits. This policy consists of sick pay and vacation allowances for eligible full-time employees and certain qualifying part-time employees. Eligible employees are paid for time earned but not taken for vacation at termination of employment. The accrued unpaid time off as of December 31, 2009 and 2008 is \$13,766 and \$14,105 respectively.

Reclassifications

Certain reclassifications have been made to the 2009 financial statements to conform to the 2008 presentation.

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2009	2008
Tuition receivable	\$ 12,346	\$ 9,674
Division of Social Services	16,196	15,704
CACFP	4,481	-
Misc.	-	340
Less allowance	(8,863)	(5,950)
	\$ 24,160	\$ 19,768

LEMAY CHILD AND FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
For The Years Ended December 31, 2009 & 2008

NOTE 3 - PROMISES TO GIVE

Unconditional promises to give are all due in less than one year and consists of the following:

	2009	2008
United Way 2009 operating and supplemental	\$ 220,113	\$ 224,793
United Way donor match	-	2,152
Missouri Foundation For Health operating	-	3,449
U.S. Department of Education	-	15,885
All other	-	5,430
	\$ 220,113	\$ 251,709

Due to the nature of the promises, management believes that all amounts will be received when due, therefore no allowance for uncollectible promises has been provided.

NOTE 4 -LINE OF CREDIT

The Organization has a \$150,000 revolving line of credit with a bank maturing December 2010. Interest is payable at the bank's floating prime rate. The note is collateralized by a deed of trust and security agreement.

2009	2008
\$ 135,000	\$ 135,000

NOTE 4 - NOTE PAYABLE IDA

The Organization has a note Payable to the Industrial Development Authority of St. Louis County with interest only payments for 12 months at 2.761%. The note is collateralized by a deed of trust, with a balloon payment due December 2010, and is convertible to a term note if the balloon payment is not met.

2009	2008
\$ 115,000	\$ 115,000

NOTE 5 - LONG-TERM DEBT

The Organization has a note payable to bank in monthly installments of \$1,006, including interest at 6.5%, with a balloon payment due September 18, 2011. This note is collateralized by a deed of trust and security agreement.

Less current maturities

Total long-term debt

2009	2008
73,035	80,030
(7,471)	(6,696)
\$ 65,564	\$ 73,334

LEMAY CHILD AND FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
For The Years Ended December 31, 2009 & 2008

NOTE 5 - LONG-TERM DEBT (CONT")

Principal maturities are as follows:

2010	\$ 7,471
2011	<u>65,564</u>
	<u>\$ 73,035</u>

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

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

	2009	2008
Future operations	\$ 220,113	\$ 224,793
Building fund	<u>26,847</u>	<u>29,109</u>
	<u>\$ 246,960</u>	<u>\$ 253,902</u>

NOTE 7 - IN-KIND SERVICES

A number of volunteers have donated time to the Organization's program services and fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the criteria for recognition under generally accepted accounting standards have not been met. Donated professional services and other items are reflected in the statement of activities at their estimated fair value.

NOTE 8 - CONCENTRATIONS AND CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash in banks. The Organization maintains cash balances at a local financial institution. These balances are insured by the FDIC up to \$250,000. From time-to-time, the cash balance in these account exceeds the \$250,000 limit. The Company places its cash with a high credit, quality financial institution and does not believe that it is exposed to any significant credit risk on uninsured amounts. There were no uninsured amounts at December 31, 2009 or 2008.

The Organization received approximately 45% and 27% of its support from the United Way of Greater St. Louis and the Missouri Division of Social Services for the years ended December 31, 2009 and 2008 respectively. Any significant funding decreases by either organization could have a material adverse affect on the Organization.

NOTE 9 - LEASE OBLIGATION

The Organization has a noncancellable operating lease for certain office equipment at a monthly rate of \$123 through 2013. Rent expense under this lease for the years ended December 31, 2009 and 2008 was \$1,476 and \$1,107 respectively. Future minimum lease payments under this lease are as follows:

2011	\$ 1,476
2012	1,476
2013	<u>369</u>
	<u>\$ 3,321</u>

LEMAY CHILD AND FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
For The Years Ended December 31, 2009 & 2008

NOTE 10 - EVALUATION OF SUBSEQUENT EVENTS

The organization has evaluated subsequent events through May 13, 2010, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

LEMAY CHILD AND FAMILY CENTER
SCHEDULES OF FUNCTIONAL EXPENSES
For The Years Ended December 31, 2009 & 2008

	2009				2008			
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Salaries and wages	\$ 550,812	\$ 85,624	\$ 43,471	\$ 679,907	\$ 524,511	\$ 59,876	\$ 24,663	\$ 609,050
Payroll taxes	42,424	6,953	3,347	52,724	37,498	7,050	3,365	47,913
Employee benefits	57,405	8,905	4,521	70,831	50,562	9,723	4,538	64,823
Food	36,671	-	-	36,671	17,098	-	-	17,098
Program supplies	13,524	-	-	13,524	23,502	-	-	23,502
Transportation	5,269	797	173	6,239	2,758	306	-	3,064
Staff training	3,998	470	235	4,703	2,793	1,396	465	4,654
Insurance	16,868	3,716	914	21,498	15,552	3,568	914	20,034
Interest	13,682	2,565	855	17,102	17,687	2,081	1,040	20,808
Maintenance	14,651	1,937	281	16,869	19,203	2,260	1,130	22,593
Supplies	10,255	2,022	300	12,577	13,170	1,550	775	15,495
Professional services	6,924	6,978	-	13,902	2,654	23,007	156	25,817
Dues and subscriptions	2,242	425	142	2,809	3,107	462	339	3,908
Telephone	3,071	614	409	4,094	3,847	453	226	4,526
Utilities	11,728	2,066	689	14,483	13,564	1,596	798	15,958
Depreciation	39,151	7,341	2,447	48,939	36,112	6,373	-	42,485
Cleaning	14,250	2,515	-	16,765	12,393	1,377	-	13,770
Fundraising	-	-	6,066	6,066	-	-	17,019	17,019
Bad debt	8,344	-	-	8,344	4,145	-	-	4,145
Field trips	1,307	-	-	1,307	1,435	-	-	1,435
Marketing & public relation	485	281	35	801	1,715	214	214	2,143
Technology	2,455	567	755	3,777	5,369	671	671	6,711
Miscellaneous	6,798	3,509	468	10,775	5,176	3,112	500	8,788
Total expenses	\$ 862,314	\$ 137,285	\$ 65,108	\$ 1,064,707	\$ 813,851	\$ 125,075	\$ 56,813	\$ 995,739

See accountant's audit report and notes to financial statements.