

Lemay Child and Family Center

Auditor's Report and Financial Statements

For the years ended December 31, 2010 & 2009



Lemay Child and Family Center
December 31, 2010 & 2009

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lemay Child and Family Center, Inc.

We have audited the accompanying statements of financial position of Lemay Child and Family Center, Inc. (a nonprofit organization) as of December 31, 2010 and 2009, 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 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 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 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 Lemay Child and Family Center, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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May 27, 2011

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**Lemay Child and Family Center
Statements of Financial Position
December 31, 2010 & 2009**

Assets		2010	2009
Current Assets			
Cash		\$ 127,345	\$ 127,058
Accounts receivable, net		45,512	24,160
Unconditional promises to give		232,777	220,113
Prepaid insurance		9,467	9,196
Total Current Assets		415,101	380,527
Fixed Assets			
Land		29,347	29,347
Buildings and improvements		1,598,249	1,588,619
Furniture and equipment		92,809	92,809
Playground equipment		15,131	12,131
Automobiles		40,044	46,244
Accumulated depreciation		(512,998)	(470,491)
Net Fixed Assets		1,262,582	1,298,659
Total Assets		\$ 1,677,683	\$ 1,679,186
Liabilities and Net Assets			
Current Liabilities			
Accounts payable		\$ 2,127	\$ 7,074
Line of credit		125,000	135,000
Note payable IDA		-	115,000
Current portion of long-term debt		5,265	7,471
Accrued payroll and vacation		50,803	35,886
Enrollment deposits		7,692	6,415
Total Current Liabilities		190,887	306,846
Long-term Debt		60,296	65,564
Total Liabilities		251,183	372,410
Net Assets			
Unrestricted		1,156,228	1,059,816
Temporarily restricted		270,272	246,960
Total Net Assets		1,426,500	1,306,776
Total Liabilities and Net Assets		\$ 1,677,683	\$ 1,679,186

See Notes to Financial Statements

Lemay Child and Family Center
Statement of Activities
For the years ended December 2010, & 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Program Tuition	\$ 827,825	\$ -	\$ 827,825	\$ 755,656	\$ -	\$ 755,656
Scholarships	(533,624)	-	(533,624)	(459,707)	-	(459,707)
Net Program Tuition	294,201	-	294,201	295,949	-	295,949
United Way support	26,020	227,277	253,297	13,437	220,113	233,550
Government grants	158,454	-	158,454	140,272	-	140,272
DFS fees	216,221	-	216,221	199,364	-	199,364
Contributions and grants	84,684	23,128	107,812	42,860	-	42,860
Capital contributions and grants	115,000	3,020	118,020	-	13,020	13,020
Special events	38,061	-	38,061	27,809	-	27,809
Donated Services	10,953	-	10,953	5,767	-	5,767
All other	1,277	-	1,277	1,932	-	1,932
Net assets released from restrictions	230,113	(230,113)	-	240,075	(240,075)	-
Total Support and Revenue	1,174,984	23,312	1,198,296	967,465	(6,942)	960,523
Expenses						
Program Services	870,694	-	870,694	862,314	-	862,314
Management and General	143,975	-	143,975	137,285	-	137,285
Fundraising	63,902	-	63,902	65,108	-	65,108
Total Expenses	1,078,571	-	1,078,571	1,064,707	-	1,064,707
Increase (Decrease) in Net Asset	96,412	23,312	119,724	\$ (97,242)	\$ (6,942)	\$ (104,184)
Net Assets- Beginning of Year	1,059,816	246,960	1,306,776	1,157,058	253,902	1,410,960
Net Assets- End of Year	\$ 1,156,228	\$ 270,272	\$ 1,426,500	\$ 1,059,816	\$ 246,960	\$ 1,306,776

See Notes to the Financial Statements

Lemay Child and Family Center
Statement of Cash Flows
For the years ended December 31, 2010 & 2009

	2010	2009
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 119,724	\$ (104,184)
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities		
Depreciation	48,707	48,939
(Increase) Decrease in:		
Accounts receivable	(21,352)	(4,392)
Promises to give	(12,664)	31,596
Prepays	(271)	6,614
Increase (Decrease) in:		
Accounts payable	(4,950)	(1,953)
Accrued payroll and vacation	14,917	3,827
Enrollment deposits	1,277	(577)
Net cash (used) provided from operating activities	145,388	(20,130)
Cash Flows from Investing Activities		
Purchase of fixed assets	(12,630)	(12,893)
Sale of fixed assets	500	-
Net cash (used) provided from investing activities	(12,630)	(12,893)
Cash Flows from Financing Activities		
Loan payoff	(115,000)	-
Principal payments	(17,471)	(6,995)
Net cash (used) provided from financing activities	(132,471)	(6,995)
Net increase (decrease) in cash	\$ 287	\$ (40,018)
Cash - Beginning of the Year	127,058	167,076
Cash - End of the Year	\$ 127,345	\$ 127,058
Supplemental Disclosure		
Cash Paid for Interest	\$ 13,646	\$ 20,808

See Notes to Financial Statements

**Lemay Child and Family Center
Notes to the Financial Statements
December 31, 2010 & 2009**

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 St. Louis Economic Council 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 the Financial Statements
December 31, 2010 & 2009**

Note 1 - Summary of Significant Accounting Policies (continued)

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. It has been determined that the Organization is not a private foundation within the meaning of Section 509(a).

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:

Buildings 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, 2010 and 2009 is \$20,818 and \$13,766 respectively.

Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform to the 2009 presentation.

Note 2 - Accounts Receivable

Accounts receivable consist of the following:

	2010	2009
Tuition receivable	\$ 13,986	\$ 12,346
Missouri Division of Social Services	20,784	16,196
CACFP	5,004	4,481
Grants receivable	14,655	-
Less: allowance	(8,917)	(8,863)
	<u>\$ 45,512</u>	<u>\$ 24,160</u>

**Lemay Child and Family Center
Notes to the Financial Statements
December 31, 2010 & 2009**

Note 3 - Promises to Give

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

	2010	2009
United Way 2011 operating and supplemental	\$ 227,277	\$ 220,113
Fox Family Foundation	5,500	-
	\$ 232,777	\$ 220,113

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

	2010	2009
The Organization has a \$150,000 revolving line of credit with a bank maturing December 2011. Interest is payable at the index rate (currently 5%) plus .25%. The note is collateralized by a deed of trust and security agreement.	\$ 125,000	\$ 135,000

Note 5 - Note Payable IDA

	2010	2009
The Organization had a note payable to the Industrial Development Authority of St. Louis County with interest only payments for 12 months at 4.5%. The note was collateralized by a deed of trust, with a balloon payment due December 2010, and was convertible to a term note if the balloon payment was not met. The loan was paid in full in October 2010.	\$ -	\$ 115,000

Note 6 - Long-term Debt

	2010	2009
The Organization has a note payable to bank in monthly installments of \$1,005, including interest at 6.5%, with a balloon payment of \$60,299 due September 18, 2011. This note is collateralized by a deed of trust and security agreement. The Organization plans to refinance the note before maturity, therefore, the note is classified as a long-term liability on the statement of financial position.	65,561	73,035
Less: current maturities	(5,265)	(7,471)
	\$ 60,296	\$ 65,564

**Lemay Child and Family Center
Notes to the Financial Statements
December 31, 2010 & 2009**

Note 6 - Long-term Debt (continued)

Principle maturities are as follows

Year	
2011	\$ 5,265
2012	60,296
	\$ 65,561

Note 7 - Temporarily Restricted Net Assets

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

	2010	2009
Future operations	\$ 247,905	\$ 220,113
Building fund	19,867	26,847
Van purchase	2,500	-
	\$ 270,272	\$ 246,960

Note 8 - 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 9 - Concentrations

The Organization received approximately 39% and 45% of its support from the United Way of Greater St. Louis and the Missouri Division of Social Services for the years ended December 31, 2010 and 2009 respectively. Any significant funding decreases by either organization could have a material adverse affect on the Organization.

Note 10 - 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, 2010 and 2009 was \$1,471 and \$1,476 respectively. Future minimum lease payments under this lease are as follows:

Year	
2011	\$ 1,476
2012	1,476
2013	369
	\$ 3,321

**Lemay Child and Family Center
Notes to the Financial Statements
December 31, 2010 & 2009**

Note 11 - Evaluation of Subsequent Events

The organization has evaluated subsequent events through May 27, 2011, the date the financial statements were available to be issued.

LEMAY CHILD AND FAMILY CENTER
SCHEDULES OF FUNCTIONAL EXPENSES
For The Years Ended December 31, 2010 & 2009

	2010				2009			
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Salaries and wages	\$ 536,423	\$ 81,159	\$ 39,345	\$ 656,927	\$ 550,812	\$ 85,624	\$ 43,471	\$ 679,907
Payroll taxes	40,257	5,639	2,912	48,808	42,424	6,953	3,347	52,724
Employee benefits	67,503	10,145	4,918	82,566	57,405	8,905	4,521	70,831
Food	69,486	-	-	69,486	36,671	-	-	36,671
Program supplies	13,755	-	-	13,755	13,524	-	-	13,524
Transportation	1,797	225	21	2,043	5,269	797	173	6,239
Staff training	12,140	1,651	726	14,517	3,998	470	235	4,703
Insurance	17,458	4,836	-	22,294	16,868	3,716	914	21,498
Interest	10,917	2,047	682	13,646	13,682	2,565	855	17,102
Maintenance	14,260	1,975	319	16,554	14,651	1,937	281	16,869
Supplies	10,229	2,085	367	12,681	10,255	2,022	300	12,577
Professional services	-	17,413	-	17,413	6,924	6,978	-	13,902
Dues and subscriptions	1,070	201	67	1,338	2,242	425	142	2,809
Telephone	2,567	513	342	3,422	3,071	614	409	4,094
Utilities	13,399	2,512	837	16,748	11,728	2,066	689	14,483
Depreciation	38,966	7,306	2,435	48,707	39,151	7,341	2,447	48,939
Cleaning	10,443	1,843	-	12,286	14,250	2,515	-	16,765
Special events	-	-	10,383	10,383	-	-	6,066	6,066
Bad debt	2,053	-	-	2,053	8,344	-	-	8,344
Field trips	661	-	-	661	1,307	-	-	1,307
Marketing & public relations	784	168	168	1,120	485	281	35	801
Technology	1,961	701	140	2,802	2,455	567	755	3,777
Miscellaneous	4,565	3,556	240	8,361	6,798	3,509	468	10,775
Total Expenses	\$ 870,694	\$ 143,975	\$ 63,902	\$ 1,078,571	\$ 862,314	\$ 137,285	\$ 65,108	\$ 1,064,707