



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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June 30, 2009

Board of Directors  
Family Services and Prevention Programs, Inc.  
2021 South Riley Highway  
Shelbyville, IN 46176

We have reviewed the audit report prepared by McQuat Brawley & Associates, LLC, Independent Public Accountants, for the period July 1, 2006 to June 30, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Family Services and Prevention Programs, Inc., as of June 30, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

# **FAMILY SERVICES AND PREVENTION PROGRAMS, INC.**

Financial Statements

*June 30, 2007*

**FAMILY SERVICES AND PREVENTION PROGRAMS, INC.**

June 30, 2007

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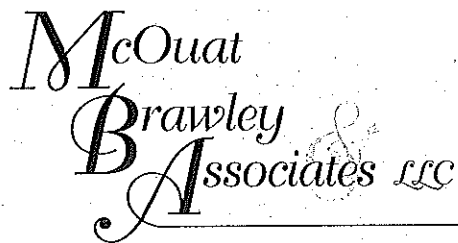
Statement of Financial Position

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**Gordon McOuat, CPA**  
**Jerry Brawley, CPA**

GREENWOOD, IN  
CARMEL, IN

**The Board of Directors**  
**Family Services and Prevention Programs, Inc.**  
**Shelbyville, IN 46176**

We have audited the accompanying statements of financial position of Family Services and Prevention Programs, Inc. (the Agency) as of June 30, 2007, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Agency'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 the Agency as of June 30, 2007, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*McOuat Brawley Associates LLC*

**Greenwood, Indiana**  
**December 21, 2007**

FAMILY SERVICES AND PREVENTION PROGRAMS, INC

STATEMENTS OF FINANCIAL POSITION

June 30, 2007

(With comparative totals for 2006)

ASSETS

	Totals	
	2007	2006
Current Assets		
Cash and cash equivalents	\$ 42,430	9,275
Receivables	76,083	109,980
Other current assets	4,631	5,197
Total Current Assets	<u>123,144</u>	<u>124,452</u>
Noncurrent Assets		
Property and equipment, net	9,129	12,055
Total Noncurrent Assets	<u>9,129</u>	<u>12,055</u>
Total Assets	<u>\$ 132,273</u>	<u>136,507</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 12,474	10,672
Accrued expenses	62,675	67,349
Total Current Liabilities	75,149	78,021
Net assets	<u>57,124</u>	<u>58,486</u>
Total liabilities and net assets	<u>\$ 132,273</u>	<u>136,507</u>

See accompanying auditors' report and notes to financial statements.

FAMILY SERVICES AND PREVENTION PROGRAMS, INC

STATEMENT OF ACTIVITIES

Year ended June 30, 2007

(With comparative totals for 2006)

	Totals	
	2007	2006
<b>INCOME</b>		
Child Welfare Services	\$ 19,975	22,541
DMHA	104,425	105,421
Healthy Families	628,999	625,134
IAPP	25,802	26,100
Blue River		
OFC	41,040	64,989
Title IV		123,605
Drug Free Coalition		3,164
KTF		26,505
Program fees	21,856	12,957
In-Kind income	50,050	108,644
Contributions	3,647	3,862
Fundraising	18,534	12,340
SIDS Center of Indiana		
Total support and revenue	<u>914,328</u>	<u>1,135,262</u>
<b>EXPENSES</b>		
Program services:		
3-6	109,572	107,625
Healthy Families	650,220	655,410
Nurturing	61,763	148,281
Total program services	<u>821,555</u>	<u>911,316</u>
Supporting services:		
Fundraising	24,896	29,423
Management and general	69,239	154,341
Total supporting services	<u>94,135</u>	<u>183,764</u>
Total expenses	<u>915,690</u>	<u>1,095,080</u>
Increase (decrease) in net assets	(1,362)	40,182
<b>NET ASSETS</b>		
Beginning of year	<u>58,486</u>	<u>18,304</u>
End of year	<u>\$ 57,124</u>	<u>58,486</u>

See accompanying auditors' report and notes to financial statements.



FAMILY SERVICES AND PREVENTION PROGRAMS, INC

STATEMENT OF CASH FLOWS  
 Year ended June 30, 2007  
 (With comparative totals for 2006)

	Totals	
	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (1,362)	40,182
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	3,522	4,724
 (Increase) decrease in operating assets:		
Receivables	33,897	3,456
Other current assets	566	3,093
 Increase (decrease) in operating liabilities:		
Accounts payable	1,802	(6,234)
Accrued expenses	(4,674)	(39,212)
 Net cash provided by operating activities	<u>33,751</u>	<u>6,009</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(596)	(1,100)
 Net cash used in investing activities	<u>(596)</u>	<u>(1,100)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings from Line-of-credit	536,783	536,783
Repayments of Line-of-credit	(536,783)	(536,783)
 Net cash from financing activities	<u>          </u>	<u>          </u>
 (Decrease) in cash	33,155	4,909
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>9,275</u>	<u>4,366</u>
End of year	<u>\$ 42,430</u>	<u>9,275</u>

See accompanying auditors' report and notes to financial statements.

FAMILY SERVICES AND PREVENTION PROGRAMS, INC

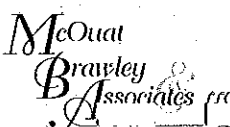
STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2007

(With comparative totals for 2006)

	3-6	Healthy Families	Nurturing	Total Program Expenses	Fundraising	Management and General	Total Supporting Services	Totals	2007	2006
Payroll expenses	\$ 65,939	451,536	43,901	561,376	1,000	35,678	36,678	598,054	598,054	689,139
Employee benefits	5,275	36,123	3,512	44,910	80	5,416	5,496	50,406	50,406	61,193
Retirement plan	1,187	8,128	790	10,105	18	649	667	10,772	10,772	11,205
In-kind expenses	4,055	39,296	2,793	46,144	3,906		3,906	50,050	50,050	108,644
Utilities	899	6,743	449	8,091		899	899	8,990	8,990	9,441
Rent	6,385	47,890	3,192	57,467		6,385	6,385	63,852	63,852	63,852
Telephone and Postage	260	3,746	278	4,284	2,343	736	3,079	7,363	7,363	6,207
Contract labor	7,369	11,079	1,300	19,748	8,525	12,050	20,575	40,323	40,323	40,448
Materials and supplies	9,599	10,958	1,003	21,560	4,184	2,860	7,044	28,604	28,604	29,841
Equipment leases and repairs	1,152	9,031	2,536	12,719	1,623	1,594	3,217	15,936	15,936	16,459
Travel	6,077	16,114	1,717	23,908		451	451	24,359	24,359	38,557
Staff training	791	735		1,526				1,526	1,526	968
Interest						1,053	1,053	1,053	1,053	2,654
Insurance	232	1,740	116	2,088		232	232	2,320	2,320	9,474
Fundraising					3,167		3,167	3,725	3,725	2,116
Other expenses		4,636		4,636		199	199	4,835	4,835	158
Depreciation	352	2,465	176	2,993	50	479	529	3,522	3,522	4,724
<b>Total expenses</b>	<b>\$ 109,572</b>	<b>650,220</b>	<b>61,763</b>	<b>821,555</b>	<b>24,896</b>	<b>69,239</b>	<b>94,135</b>	<b>915,690</b>	<b>915,690</b>	<b>1,095,080</b>
<b>Percentage of total expenses</b>	<b>11.97</b>	<b>71.01</b>	<b>6.74</b>	<b>89.72</b>	<b>2.72</b>	<b>7.56</b>	<b>10.28</b>	<b>100.00</b>	<b>100.00</b>	

See accompanying auditors' report and notes to financial statements.



# FAMILY SERVICES AND PREVENTION PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2007

### 1. Summary of Significant Accounting Policies

#### *Organization*

Family Services and Prevention Programs, Inc. (referred to as the Agency) was incorporated in November, 1985. The Agency is an Indiana not-for-profit voluntary health agency dedicated to providing services designed to strengthen the family unit and prevent abuse in Shelby and adjacent counties. The Agency acknowledges and embraces prevention and early intervention as the best methods to prevent abuse. The Agency believes that the best hope for the normal development of all children lies within the family unit. The Agency relies on public donations, government and private grants for its funding.

#### *Basis of Accounting*

The financial statements are prepared on the accrual basis.

#### *Financial statement presentation*

The Agency reports information in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. SFAS requires, among other things, that the statements report items regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted assets. In addition, the Agency presents a statement of cash flows.

The costs of providing the various programs and other activities of the Agency have been summarized on a functional basis in the statement of activities and functional expenses. Expenses that can be identified with specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by using consistent allocation percentages which management believes reflect actual time spent by employees or benefits received from expenditures.

#### *Estimates*

The preparation of financial statements in conformity with 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.

#### *Property and Equipment*

Property and equipment purchased by the Agency is recorded at cost, if purchased. Donations of property and equipment are recorded at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

#### *Tax-exempt Status*

The Agency has received a determination letter from the Internal Revenue Service notifying it that it is not a private foundation and that it meets the requirements necessary for it to be exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). In addition, the Agency is exempt from Indiana state taxes. Accordingly, no provision for federal or state income taxes has been recorded.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

*Donated Materials and Services:*

Donated services are recognized as contributions in accordance with SFAS 116, *Accounting for Contributions Received and Contributions Made*, if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. A substantial number of unpaid volunteers have made significant contributions of time to the Agency. Amounts for these contributed services are not reflected in the accompanying financial statements since the criteria for SFAS 116 are not met. Donated materials are reported at fair market value at the date the contribution is received.

*Allocation of Joint Costs and Functional Expenses*

Numerous cost items benefit more than one of the Agency's major functions. Costs are allocated to a specific function to the extent that they can be associated directly to that function. Salaries and other indirect costs are allocated to functions based on time spent on the function by Agency employees. The costs of providing the Agency's various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets, and in detail on the statements of functional expenses.

*Promises to give*

Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

2. SIMPLE Plan

The Agency sponsors a SIMPLE retirement plan in which the Agency matches eligible employee contributions up to 3% of wages. SIMPLE expense totaled \$ 10,772 and \$ 11,205 for the years ended June 30, 2007 and 2006, respectively.

# FAMILY SERVICES AND PREVENTION PROGRAMS, INC.

## Notes to Financial Statements

### 3. Property and Equipment

Property and equipment consist of the following at June 30:

Furniture and Equipment	\$ 43,178	41,482
Less: Accumulated depreciation	<u>34,049</u>	<u>30,257</u>
Net property and equipment	\$ <u>9,129</u>	<u>12,055</u>

Depreciation expense totaled \$3,522 and \$4,724 for the years ended June 30, 2007 and 2006, respectively.

### 4. Operating Leases

The Agency leased its building under a noncancellable operating lease. Although the building lease is noncancellable, the lease contract acknowledges the fact that the Agency's funding could change. The lease allows the Agency to terminate the contract without any penalty or other landlord remedies if funding changes. The lease only requires the Agency to notify the landlord as soon as possible. Rent expense totaled \$63,852 and \$63,852 for the years ended June 30, 2007 and 2006, respectively.

The Agency did suffer a significant loss of funding. Therefore, the Agency did exercise its termination clause, See Subsequent Event, Note 7, below.

### 5. Concentration of Funding Sources

The Agency received \$820,241 and \$1,010,416 of its unrestricted funding from the Family and Social Services Administration and other governmental sources during the years ended June 30, 2007 and 2006, respectively. These sources represent 90% and 89% of total unrestricted funding received during fiscal 2007 and 2006, respectively. The availability of these funds depends on Federal, State and local spending priorities. Therefore, funding for these programs may or may not exist in future years.

### 6. Line of Credit

The Agency has established and has available a \$75,000 line of credit with a variable interest rate. The Agency uses this financing tool throughout the year in order to fund operations while awaiting payment for services from various government agencies. Interest paid during 2007 totaled \$1,053. There was no interest paid during 2006. The balance outstanding at June 30, 2007 and 2006 was \$0.

### 7. Subsequent Event

The Agency purchased a building on August 3, 2007, and had moved into the new facility. The Agency terminated the lease with its former landlord without penalty as per the terms of the lease.