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January 29, 2014

Board of Directors  
East Allen Family Resource Center  
6330 Prize Street  
Fort Wayne, IN 46803-1874

We have reviewed the audit report prepared by Gehres & Associates, PC, Independent Public Accountants, for the period January 1, 2011 to December 31, 2011. 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 East Allen Family Resource Center, as of December 31, 2011, 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

**EAST ALLEN FAMILY RESOURCE CENTER, INC.  
FORT WAYNE, INDIANA**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2011**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
East Allen Family Resource Center, Inc.  
Fort Wayne, Indiana

We have audited the accompanying statements of financial position of East Allen Family Resource Center, Inc. (a nonprofit organization) as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year 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 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 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 East Allen Family Resource Center, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Gehres and Associates, P.C.*

August 23, 2012

**EAST ALLEN FAMILY RESOURCE CENTER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2011

	<b>ASSETS</b>	<u><b>2011</b></u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		\$ 7,801
Prepaid expenses		<u>317</u>
<b>Total Current Assets</b>		<b>8,118</b>
<b>PROPERTY AND EQUIPMENT</b>		
Land, building, improvements, and equipment - at cost less accumulated depreciation of \$271,915		<u>129,909</u>
<b>TOTAL ASSETS</b>		<u><b>\$138,027</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Payroll taxes payable		\$ 2,479
Line of credit		<u>45,340</u>
<b>Total Current Liabilities</b>		<u><b>47,819</b></u>
<b>Total Liabilities</b>		<b>47,819</b>
<b>NET ASSETS</b>		
Unrestricted		90,208
Temporarily restricted		0
Permanently restricted		<u>0</u>
<b>Total Net Assets</b>		<u><b>90,208</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u><b>\$138,027</b></u>

See Notes to Financial Statements.

**EAST ALLEN FAMILY RESOURCE CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
 Years Ended December 31, 2011

	2011		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>			
United Way allocation	\$ 21,560	\$ 0	\$ 21,560
Other contributions	2,760	0	2,760
Program fees	14,891	0	14,891
Special fund raising activities (Net)	0	0	0
Grants	218,398	0	218,398
Miscellaneous	6,185	0	6,185
Net assets released from restrictions	<u>8,556</u>	<u>(8,556)</u>	<u>0</u>
<b>Total Revenue and Other Support</b>	<u>273,357</u>	<u>(8,556)</u>	<u>264,801</u>
<b>EXPENSES</b>			
Program expenses	245,202	0	245,202
Management and general	26,339	0	26,339
Fund raising	<u>3,454</u>	<u>0</u>	<u>3,454</u>
<b>Total Expenses</b>	<u>274,995</u>	<u>0</u>	<u>274,995</u>
<b>CHANGE IN NET ASSETS</b>	<u>(1,638)</u>	<u>(8,556)</u>	<u>(10,194)</u>
<b>NET ASSETS - BEG. OF YEAR</b>	<u>91,846</u>	<u>8,556</u>	<u>100,402</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 90,208</u>	<u>\$ 0</u>	<u>\$ 90,208</u>

See Notes to Financial Statements

**EAST ALLEN FAMILY RESOURCE CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
 Years Ended December 31, 2011

	2011			
	<u>Programs</u>	<u>Management and General</u>	<u>Fund Raising</u>	
			<u>Total</u>	
Salaries & employee	\$168,015	\$ 5,745	\$ 1,561	\$175,321
Benefits	0	104	0	104
Bank service charges	346	1	2	349
Conference & meetings	2,136	319	52	2,507
Dues & subscriptions	4,118	3,656	856	8,630
Insurance	5,238	396	95	5,729
Miscellaneous	521	574	118	1,213
Office supplies	98	232	46	376
Printing & reproduction	20,879	637	0	21,516
Professional fees	9,921	0	0	9,921
Program expenses	4,403	2,539	345	7,287
Repairs & maintenance	1,313	1,471	56	2,840
Telephone	12,311	155	57	12,523
Travel	3,199	3,238	87	6,524
Utilities				
Total expenses before depreciation and interest	232,498	19,067	3,275	254,840
Interest expense	0	6,230	0	6,230
Depreciation	12,704	1,042	179	13,925
Total Expenses	\$245,202	\$ 26,339	\$ 3,454	\$274,995

See Notes to Financial Statements.

**EAST ALLEN FAMILY RESOURCE CENTER, INC.**  
**STATEMENT OF CASH FLOWS**  
Years Ended December 31, 2011

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	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (10,194)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	13,925
Increase (decrease) in payroll taxes payable	<u>(7,389)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(3,658)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of equipment	<u>0</u>
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>0</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from line of credit	0
Principal payments on line of credit	0
Principal payments on long-term debt	<u>0</u>
<b>Net Cash Provided by (Used in) Financing Activities</b>	<u>0</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(3,658)
<b>CASH AND CASH EQUIVALENTS – BEG. OF YEAR</b>	<u>11,459</u>
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	<u>\$ 7,801</u>
<b>SUPPLEMENTAL CASH FLOWS INFORMATION</b>	
Interest paid	<u>\$ 6,230</u>

See Notes to Financial Statements.

**EAST ALLEN FAMILY RESOURCE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A – NATURE OF SIGNIFICANT ACCOUNTING POLICIES**

**GENERAL** – The preparation of financial statements of East Allen Family Resource Center, Inc. have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**ESTIMATES** – The preparation of financial statements in conformity 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 the revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**FUND RAISING AND OTHER RECEIVABLES** – Receivables are stated at the amount the Organization expects to collect from balances outstanding at year end.

**INCOME TAXES** – The Organization is exempt from federal income taxes under Section 501(c)(3) of U.S. Internal Revenue Code and the Organization is not considered to be a private foundation.

**FIXED ASSETS** – Fixed asset accounts are stated at cost. Purchases are capitalized for significant items that are estimated to have a useful life greater than one year. Depreciation is taken into account under the straight-line method based on the estimated useful lives of the respective properties as follows:

Automobiles	10 years
Building	25 years
Building Improvements	15 - 25 years
Furniture and Equipment	5 - 10 years
Land Improvements	10 - 20 years

**EAST ALLEN FAMILY RESOURCE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A – NATURE OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**SUPPORT AND REVENUE** – The Organization reports gifts of cash and other assets as restricted support 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 restrictions. The Organization treats restricted gifts of cash and other assets whose restrictions are met in the same reporting period as unrestricted support.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Organization treats restricted gains and investment income whose restrictions are met in the same reporting period as unrestricted support.

**IN-KIND CONTRIBUTIONS** – The Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase fund-raising revenue by a like amount. The Organization relies heavily on the contributed services of adult members who volunteer their time to work. No amount of associated revenue or expense has been recognized in the financial statements for these contributed services. Contributed property and equipment is recorded at fair market value.

**STATEMENT OF FUNCTIONAL EXPENSES** – The Organization uses two primary methods for allocating costs between Programs, Management, and Fund-raising expenses. Specific costs (direct costs) are directly allocated and nonspecific costs (indirect costs) are allocated using percentages derived as a result of a time study conducted on all Organization personnel.

**CASH EQUIVALENTS** – The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**NOTE B – NATURE OF OPERATIONS**

**PURPOSE OF THE ORGANIZATION** – East Allen Family Resource Center, Inc. provides programs designed to improve the quality of life for children and adults through positive social development, educational and recreational activities, and ancillary services.

**EAST ALLEN FAMILY RESOURCE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE C – PROPERTY AND EQUIPMENT**

Depreciation of building, improvements, and equipment is provided on a straight-line basis over the estimated useful lives of the assets. At December 31, 2011, the costs of such assets were as follows:

	<b>2011</b>
Land	\$ 16,000
Building	134,000
Equipment and improvements	251,824
	401,824
Accumulated depreciation	271,915
<b>Total Property and Equipment</b>	<b>\$129,909</b>

**NOTE D – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for recruitment and future program and fund-raising activities. The following amounts comprise temporarily restricted net assets as of December 31, 2011:

	<b>2011</b>
Children and youth services	\$ 0
Management and general	0
<b>Total</b>	<b>\$ 0</b>

**NOTE E – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restriction for replacement, maintenance, and ongoing costs associated with building ownership, including depreciation, and for program activities.