

**Family to Family Network**

**Audited Financial Statements**

**June 30, 2011**

**Family to Family Network**  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Family to Family Network

We have audited the accompanying statement of financial position of Family to Family Network (a Texas nonprofit corporation) as of June 30, 2011, and the related statements of activities, cash flows and functional expenses 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 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 Family to Family Network as of June 30, 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.

*Tribolet Fuller & Company PLLC*

Humble, Texas  
November 11, 2011

**Family to Family Network**  
**Statement of Financial Position**  
**June 30, 2011**

**Assets**

Current Assets

Cash and cash equivalents	\$ 229,165
Accounts receivable	63,160
Promises to give	600
Inventory	534
Prepaid expense	60
Total current assets	<u>293,519</u>

Property and equipment

Equipment	41,990
Furniture and fixtures	7,761
	<u>49,751</u>
Less Accumulated depreciation	(47,951)
Net equipment and furniture	<u>1,800</u>

Other Assets

Investments	<u>5,796</u>
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Total Assets	<u><u>\$ 301,115</u></u>
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**Liabilities and Net Assets**

Liabilities

Accounts payable and accrued liabilities	\$ 26,133
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Net Assets

Unrestricted	36,820
Temporarily restricted	238,162
Permanently restricted	-
Total net assets	<u>274,982</u>

Total Liabilities and Net Assets	<u><u>\$ 301,115</u></u>
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The accompanying notes are an integral part of this financial statement.

**Family to Family Network  
Statement of Activities  
Year Ended June 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues and other support</b>			
Grants and contracts	\$ -	\$ 301,531	\$ 301,531
Contributions	8,459	145	8,604
Fundraising income	27,650	-	27,650
Donated services	-	12,118	12,118
Program income	8,758	10,400	19,158
Other income	1,561	365	1,926
Net assets released from restrictions:			-
Satisfied by program payments	349,526	(349,526)	-
Total revenues and other support	<u>395,954</u>	<u>(24,967)</u>	<u>370,987</u>
 <b>Expenses</b>			
Program services:	362,438	-	362,438
Supporting services	15,052	-	15,052
Fundraising activities	<u>15,552</u>	<u>-</u>	<u>15,552</u>
Total expenses	<u>393,042</u>	<u>-</u>	<u>393,042</u>
 <b>Change in net assets</b>	2,912	(24,967)	(22,055)
 <b>Net assets at beginning of year</b>	<u>33,907</u>	<u>263,129</u>	<u>297,036</u>
 <b>Net assets at end of year</b>	<u>\$ 36,819</u>	<u>\$ 238,162</u>	<u>\$ 274,981</u>

The accompanying notes are an integral part of this financial statement.

**Family to Family Network  
Statement of Cash Flows  
Year Ended June 30, 2011**

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ (22,055)
Adjustments to reconcile decrease in net assets to net cash (provided) used by operating activities:	
Depreciation	1,639
(Increase) decrease in accounts receivable	8,127
(Increase) decrease in pledges receivable	(400)
(Increase) decrease in inventory	(205)
(Increase) decrease in prepaid expenses	94
Increase (decrease) in accounts payable	<u>(1,277)</u>
Net cash provided by operating activities	<u>(14,077)</u>
<b>Cash flows from investing activities:</b>	
None	<u>-</u>
<b>Cash flows from financing activities:</b>	
Donation of stock	<u>(2,556)</u>
<b>Net increase in cash and cash equivalents</b>	<b>(16,633)</b>
<b>Cash and cash equivalents at beginning of year</b>	<u>245,798</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 229,165</u></u>
 <u>Supplemental disclosures:</u>	
Cash paid during the year for:	
Interest	<u>\$ -</u>
Income Taxes	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

**Family to Family Network  
Statement of Functional Expenses  
Year Ended June 30, 2011**

	<i>Program Activities</i>	<i>Supporting Services</i>	<i>Fundraising Activities</i>	<i>Total</i>
Salaries and Wages	\$ 237,430	\$ 8,500	\$ 11,854	\$ 257,784
Payroll Taxes	18,907	650	950	20,507
Travel	7,801		419	8,219
Consulting Services	20,668			20,668
Professional Fees	9,520	460		9,980
Translation Expenses	5,280			5,280
Training and Seminars	1,189		50	1,239
Training Manuals and Guides	320			320
Meeting Expenses	5,246	58	17	5,321
Donated Services and Supplies	4,348			4,348
Postage	892	172	304	1,369
Printing	4,778			4,778
Repairs	293	1,200		1,493
Insurance	3,300			3,300
Bank Fees		256	418	674
Depreciation		1,639		1,639
Dues and Subscriptions	353	130	941	1,424
Inventory Adjustment		148		148
Newsletter	499			499
Office Supplies	4,517	436	435	5,387
Rent	27,033	465	165	27,663
Respite Services	1,000			1,000
Telephone Expenses	6,591	615		7,206
Utilities	2,473			2,473
Volunteer Background Checks		140		140
Miscellaneous		183		183
<b>Total Expenses</b>	<b>\$ 362,438</b>	<b>\$ 15,052</b>	<b>\$ 15,552</b>	<b>\$ 393,042</b>

The accompanying notes are an integral part of this financial statement.

**Family to Family Network**  
**Notes to the Financial Statements**  
**June 30, 2011**

***Note A: Nature of Organization***

Family to Family Network (the Organization) is a 501(c)(3) nonprofit organization chartered in Texas in December, 1990. The Organization's mission is to help families of children with disabilities by providing information, training, referral and support. The Organization has developed a number of programs which help to accomplish this goal including a quarterly newsletter, development and ongoing updates to the Texas Project FIRST website, educational events that teach families how to work effectively with their special education, medical and social systems, a resource center and lending library for affected families.

Family to Family Network is supported primarily through grant awards and contracts from various agencies, as well as by donations received from individuals and corporations.

***Note B: Summary of Significant Accounting Policies***

This summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and notes are the representations of management who is responsible for their integrity and objectivity. These policies reflect industry practices, and conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

***Financial Statement Presentation:***

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization reports its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Unrestricted net assets are assets that are not subject to donor-imposed use stipulations. Temporarily restricted net assets are subject to donor-imposed use stipulations that will be met by usage of the Organization or by the passage of time. There are no permanently restricted net assets at June 30, 2011.

***Contributions and Promises to Give:***

Contributions are recognized as revenue when they are received, or when the donor makes a promise to give to the Organization that is, in substance, unconditional.

Contributions received are classified as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in temporarily restricted net assets in the reporting period that the support is recognized. When restrictions are satisfied either through time or usage, temporarily restricted net

**Family to Family Network**  
**Notes to the Financial Statements**  
**June 30, 2011**

assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

***Donated Services:***

Donations are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. At June 30, 2011, meeting facilities were donated to the Organization for use as conference space and is reflected in the statement of activities as donated services. Also, consultants donated portions of their normal fees to the Organization, and event tickets were also donated which were used by clients of the Organization. Family to Family Network is the beneficiary of many volunteers who donate their time and perform a variety of tasks that assist the Organization; however, these services do not meet the criteria for recognition as contributed services.

***Cash and Cash Equivalents:***

Cash and cash equivalents consist of cash held in checking, savings and money market accounts.

***Concentrations of Credit Risk:***

The Organization did not have any bank account balances in excess of the FDIC insurance limit at June 30, 2011.

***Accounts Receivable:***

Accounts receivable are billed amounts for contract services which are outstanding at June 30, 2011. The Organization considers them to be fully collectible and, accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible they are charged off to operations when that determination is made.

***Inventory:***

Inventory consists of training materials and is valued at historical cost.

***Property and Equipment and Depreciation:***

Property and equipment are recorded at historical cost or, if donated, at the fair market value at the date of donation. Depreciation is provided over the estimated useful lives of the assets and is computed using the straight line method over the useful lives of the assets which are estimated to be five to seven years. Depreciation expense for the year was \$1,639.

***Investments:***

Investments consist of donated stock in publicly traded companies and are valued at fair market value at June 30, 2011. Any increases or decreases in market value are immaterial and have been included in unrestricted income.

**Family to Family Network**  
**Notes to the Financial Statements**  
**June 30, 2011**

***Income Taxes:***

The Organization is a Texas nonprofit corporation whose revenue is derived from contributions and has qualified for tax exemption under 501(c)(3) of the Internal Revenue Code and accordingly pays no federal income taxes.

***Use of Estimates:***

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from these estimates.

***Functional Allocation of Estimates:***

The costs providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The Organization employs personnel whose time is divided among program, management and general and fundraising activities; however, management tries to ensure that most of the staff is associated with various grant projects. Management estimates the amount of salaries and related payroll costs that are allocable to program, support, and fundraising based on an analysis of their activities.

***Note C: Pledges Receivable***

Pledge receivables are promises made by donors to contribute specified amounts over a period of time. They are recognized as income upon receipt of the pledge and recorded at net realizable value. The organization considers them to be fully collectible and they are expected to be realized in the fiscal years ending:

June 30, 2012	\$200
June 30, 2013	\$100
June 30, 2014	\$100
June 30, 2015	\$100
June 30, 2016	\$100

**Family to Family Network**  
**Notes to the Financial Statements**  
**June 30, 2011**

***Note D: Grant and Contract Revenue***

Grants and contract revenue received and included in the statement of activities is as follows:

Texas Council for Developmental Disabilities (CFDA #93.630) for local basic advocacy training	\$ 75,000
Texas Region 9 Education Service Center for the Texas Project FIRST project	219,031
Newfield Foundation for information, training and referral program activities	<u>7,500</u>
	<u>\$ 301,531</u>

***Note E: Lease Commitments***

The Organization leases its office on a month to month basis and has no office lease commitments. The Organization is leasing office equipment through December 2012. Rent expense paid for office space and office equipment for the current year reflected in these financial statements is \$18,893. Future minimum lease expense is \$4,416 for the fiscal year ended June 30, 2012, and \$2,208 for the fiscal year ended June 30, 2013.

***Note F: Fair Values of Financial Instruments***

The Organization used fair value to measure financial and certain nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs – Level 1) and the lowest priority to a reporting entity’s internal assumptions based on the best information available when external market data is limited or unavailable (unobservable inputs – Level 3).

The Organization’s financial instruments (primarily cash and cash equivalents, receivables, investments and payables) are carried in the financial statements at amounts that reasonably approximate fair value.

**Family to Family Network**  
**Notes to the Financial Statements**  
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*Note G: Subsequent Events*

The Organization has evaluated subsequent events through November 11, 2011, the date the financial statements were available for issuance. No matters were identified affecting the accompanying financial statements.