



**EAST ALLEN FAMILY RESOURCE CENTER, INC.**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

December 31, 2017 and 2016

# **EAST ALLEN FAMILY RESOURCE CENTER, INC.**

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*Independent Auditors' Report*

Board of Directors  
East Allen Family Resource Center, Inc.

We have audited the accompanying financial statements of East Allen Family Resource Center, Inc., which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

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 and the *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, issued by the Indiana State Board of Accounts. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***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, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Katz, Sapper & Miller, LLP*

Fort Wayne, Indiana  
July 17, 2018

**EAST ALLEN FAMILY RESOURCE CENTER, INC.**

**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2017 and 2016**

	<b>ASSETS</b>		<b>2017</b>	<b>2016</b>
<b>CURRENT ASSETS</b>				
Cash			\$ 93,526	\$ 58,513
Accounts receivable			11,128	11,128
Prepaid insurance and other assets			1,532	1,532
Total Current Assets			<u>106,186</u>	<u>71,173</u>
<b>FURNITURE AND EQUIPMENT, net</b>			<u>17,059</u>	<u>4,463</u>
<b>TOTAL ASSETS</b>			<u><u>\$ 123,245</u></u>	<u><u>\$ 75,636</u></u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses			\$ 5,949	\$ 1,757
Payroll withholdings			5,430	5,472
Total Current Liabilities			<u>11,379</u>	<u>7,229</u>
<b>NET ASSETS</b>				
Unrestricted			103,866	55,907
Temporarily restricted			8,000	12,500
Total Net Assets			<u>111,866</u>	<u>68,407</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>			<u><u>\$ 123,245</u></u>	<u><u>\$ 75,636</u></u>

*See accompanying notes.*

# EAST ALLEN FAMILY RESOURCE CENTER, INC.

## STATEMENTS OF ACTIVITIES Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>						
Government grants	\$ 307,595		\$ 307,595	\$ 199,828		\$ 199,828
Contracted services	81,171		81,171	69,586		69,586
Program fees	102,675		102,675	81,948		81,948
Grants	4,000	\$ 11,250	15,250	1,000	\$ 18,250	19,250
Contributions	5,335		5,335	4,511		4,511
Interest income	104		104	238		238
Net assets released from restrictions	15,750	(15,750)		5,750	(5,750)	
Total Revenue and Support	<u>516,630</u>	<u>(4,500)</u>	<u>512,130</u>	<u>362,861</u>	<u>12,500</u>	<u>375,361</u>
<b>EXPENSES</b>						
Program	393,254		393,254	311,748		311,748
Management and general	73,523		73,523	56,638		56,638
Fundraising	1,894		1,894	1,781		1,781
Total Expenses	<u>468,671</u>		<u>468,671</u>	<u>370,167</u>		<u>370,167</u>
<b>CHANGE IN NET ASSETS</b>	47,959	(4,500)	43,459	(7,306)	12,500	5,194
<b>NET ASSETS</b>						
Beginning of Year	<u>55,907</u>	<u>12,500</u>	<u>68,407</u>	<u>63,213</u>		<u>63,213</u>
End of Year	<u>\$ 103,866</u>	<u>\$ 8,000</u>	<u>\$ 111,866</u>	<u>\$ 55,907</u>	<u>\$ 12,500</u>	<u>\$ 68,407</u>

See accompanying notes.

**EAST ALLEN FAMILY RESOURCE CENTER, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended December 31, 2017 and 2016**

	2017				2016			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 236,754	\$ 27,932	\$ 1,330	\$ 266,016	\$ 196,723	\$ 23,209	\$ 1,105	\$ 221,037
Payroll taxes	19,910	2,349	112	22,371	16,085	1,898	90	18,073
Employee benefits	48,701	5,746	274	54,721	35,205	4,153	198	39,556
Total Personnel Expense	305,365	36,027	1,716	343,108	248,013	29,260	1,393	278,666
Insurance		8,593		8,593		4,542		4,542
Occupancy		7,178		7,178		7,678		7,678
Office expense	1,682	3,925	100	5,707	1,991	4,649	330	6,970
Professional fees	17,055	8,960		26,015	11,500	4,980		16,480
Program expense	45,331			45,331	28,639			28,639
Repairs and maintenance		4,947		4,947		3,675		3,675
Supplies	13,913	1,641	78	15,632	10,288	1,214	58	11,560
Transportation	9,908			9,908	11,317			11,317
Depreciation		2,252		2,252		640		640
Total Functional Expenses	<u>\$ 393,254</u>	<u>\$ 73,523</u>	<u>\$ 1,894</u>	<u>\$ 468,671</u>	<u>\$ 311,748</u>	<u>\$ 56,638</u>	<u>\$ 1,781</u>	<u>\$ 370,167</u>

*See accompanying notes.*

**EAST ALLEN FAMILY RESOURCE CENTER, INC.**

**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 43,459	\$ 5,194
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	2,252	640
Increase in certain current assets:		
Accounts receivable		(11,128)
Increase (decrease) in certain current liabilities:		
Accounts payable and accrued expenses	4,192	(103)
Payroll withholdings	(42)	1,124
Net Cash Provided (Used) by Operating Activities	<u>49,861</u>	<u>(4,273)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of furniture and equipment	(14,848)	(4,163)
Net Cash Used by Investing Activities	<u>(14,848)</u>	<u>(4,163)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	35,013	(8,436)
<b>CASH</b>		
Beginning of Year	<u>58,513</u>	<u>66,949</u>
End of Year	<u>\$ 93,526</u>	<u>\$ 58,513</u>

*See accompanying notes.*



## EAST ALLEN FAMILY RESOURCE CENTER, INC.

### NOTES TO FINANCIAL STATEMENTS December 31, 2017 and 2016

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**General:** East Allen Family Resource Center, Inc. (the Center) is an Indiana not-for-profit corporation which was formed in 1980. The Center's mission is to be a quality resource for children, families and the community promoting personal, social and educational development for a lifetime. The Center's major programs focus on engaging kids in meaningful activities to provide them with opportunities to learn social skills and become problem solvers and wise decision makers. The Center receives its support from government grants, foundation grants and program fees for services provided through local schools and to the community.

**Basis of Presentation:** The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and classify the Center's activities and net assets based on the existence or absence of donor-imposed restrictions. Accordingly, the Center's net assets and changes therein are classified and reported as follows:

- **Unrestricted Net Assets** represent unrestricted resources available to support the Center's operations.
- **Temporarily Restricted Net Assets** represent gifts that are subject to donor-imposed purpose or time restrictions that can be fulfilled either by actions of the Center pursuant to those restrictions, with the passage of time, or both. Upon satisfaction of such restrictions, net assets are released from temporarily restricted net assets and recognized as unrestricted net assets.

**Estimates:** The preparation of financial statements in accordance 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 disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Cash** consists of cash on hand and in demand deposit accounts. The Center maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Center has not experienced any losses from its bank accounts.

**Accounts Receivable** represent claims due for services provided. Accounts receivable are reviewed regularly for collectability and an allowance for doubtful accounts receivable is recorded, if necessary, based on management's judgement and analysis of the creditworthiness of the creditors, historical experience, economic conditions, and other relevant factors. Management believes the accounts receivable at December 31, 2017 and 2016 to be fully collectible and, therefore, no allowance for uncollectible accounts has been made.

**Furniture and Equipment:** Expenditures for furniture and equipment are stated at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. Depreciation of furniture and equipment is provided on a straight-line basis over the estimated useful lives of 5-10 years.

**Contributions and Grants** are recognized as revenue and support when they are received or unconditionally pledged. The Center reports such gifts as restricted revenue and support if they are subject to time or donor-imposed restrictions. Conditional contributions are not recorded as revenue and support until the conditions are met. Government contracts are classified as exchange transactions, which are reciprocal transfers between two entities in which goods and services of equal value are exchanged, and are not recognized until services are performed or allowable expenditures are incurred as specified in the contracts. Government contracts and certain other grants are subject to audit by the government or granting agency, and as a result of such audit, adjustments to revenue and support could be required.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**In-kind Contributions:** Contributions of services are recorded at estimated fair value when received if such services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Contributions of food, equipment, and other goods are recorded at estimated fair value when received.

**Program Fees** are recognized when earned at the time the service is performed. Fees for services are billed and recognized on a weekly basis for the Center's after school and summer programs.

**Contracted Services** are recognized when earned at the time the service is performed and submitted for reimbursement to a third party on a monthly basis.

**Functional Allocation of Expenses:** The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to the specific programs and supporting services benefited. Expenses related to more than one function are allocated among program and support services based on space occupied, time spent by Center staff, or other estimates made by the Center's management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Center.

**Income Taxes:** The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for income taxes has been included in the financial statements. In addition, the Center has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended December 31, 2017 and 2016.

The Center files U.S. federal and Indiana information tax returns. The Center is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2014.

**Subsequent Events:** Management has evaluated the financial statements for subsequent events occurring through July 17, 2018, the date the financial statements were available to be issued.

## NOTE 2 - FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following as of December 31, 2017 and 2016:

	2017	2016
Furniture and equipment	\$ 33,125	\$ 24,381
Less: Accumulated depreciation	<u>(16,066)</u>	<u>(19,918)</u>
Total Furniture and Equipment, net	<u>\$ 17,059</u>	<u>\$ 4,463</u>

## NOTE 3 - RESTRICTED NET ASSETS

The net assets released from restrictions during the year ended December 31, 2017 and 2016 were as follows:

	2017	2016
Summer lunch program	\$ 2,250	\$ 750
Before and after school summer program	<u>13,500</u>	<u>5,000</u>
Total Net Assets Released from Restrictions	<u>\$15,750</u>	<u>\$5,750</u>

### NOTE 3 - RESTRICTED NET ASSETS (CONTINUED)

Temporarily restricted net assets at December 31, 2017 and 2016 were available for the following purposes:

	2017	2016
Before and after school summer program	<u>\$8,000</u>	<u>\$12,500</u>

### NOTE 4 - OPERATING LEASES

The Center has an operating lease for office equipment that expires in September 2018. In December 2017, the Center entered into a new operating lease for a copier that will expire in December 2022. Lease expense for office equipment amounted to \$864 in 2017 and 2016. The Center also leases office space on a month-to-month basis. The office space lease renews annually each March unless cancelled by either the landlord or the Center.

At December 31, 2017, the future minimum lease payments on office equipment were as follows:

Payable In	Lease Payments
2018	\$1,974
2019	1,326
2020	1,326
2021	1,326
2022	<u>1,328</u>
	<u>\$7,280</u>

### NOTE 5 - CONCENTRATIONS OF FUNDING

The Center received approximately 69% and 65% of its revenue from the 21<sup>st</sup> Century Community Learning Center Grant for 2017 and 2016 either directly or indirectly, respectively. The direct portion of the funding representing 53% and 46% of the Center's revenue in 2017 and 2016, respectively, is not being renewed after May 31, 2018. The Center is searching for alternative funding for the program.

### NOTE 6 - GOVERNMENT FUNDING

The Center received the following government funds for the years ended December 31, 2017 and 2016:

#### 2017:

Program Name: 21<sup>st</sup> Century Community Learning Centers Program Grant  
Government Agency: Indiana Department of Education  
CFDA: 84.287  
Amounts received: \$271,044  
Amounts disbursed: \$271,044  
Source: Federal Grant Passed through State or Local Government

Program Name: Summer Food Service Program Grant  
Government Agency: Indiana Department of Education  
CFDA: 10.559  
Amounts received: \$21,982  
Amounts disbursed: \$21,982  
Source: Federal Grant Passed through State or Local Government

## **NOTE 6 - GOVERNMENT FUNDING (CONTINUED)**

### **2017 (continued):**

Program Name: Child and Adult Food Care Service Program Grant  
Government Agency: Indiana Department of Education  
CFDA: 10.558  
Amounts received: \$14,569  
Amounts disbursed: \$14,569  
Source: Federal Grant Passed through State or Local Government

### **2016:**

Program Name: 21<sup>st</sup> Century Community Learning Centers Program Grant  
Government Agency: Indiana Department of Education  
CFDA: 84.287  
Amounts received: \$172,961  
Amounts disbursed: \$172,961  
Source: Federal Grant Passed through State or Local Government

Program Name: Summer Food Service Program Grant  
Government Agency: Indiana Department of Education  
CFDA: 10.559  
Amounts received: \$15,833  
Amounts disbursed: \$15,833  
Source: Federal Grant Passed through State or Local Government

Program Name: Child and Adult Food Care Service Program Grant  
Government Agency: Indiana Department of Education  
CFDA: 10.558  
Amounts received: \$11,034  
Amounts disbursed: \$11,034  
Source: Federal Grant Passed through State or Local Government