

***Center for Children & Families, Inc.***

***Norman, Oklahoma***

***REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION***

***For the Year Ended December 31, 2010***

***SAUNDERS & ASSOCIATES***

***Certified Public Accountants***

***630 East 17th Street***

***P. O. Box 1406***

***Ada, Oklahoma 74820***

***(580) 332-8548***

***FAX: (580) 332-2272***

***Website: [www.saunderscpas.com](http://www.saunderscpas.com).***

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

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# Saunders & Associates, PLLC

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Center for Children & Families, Inc.  
Norman, Oklahoma

We have audited the accompanying statement of financial position of Center for Children & Families, Inc. as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Center for Children & Families, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative summarized information has been derived from Center for Children & Families, Inc.'s 2009 financial statements and in our report dated June 21, 2010 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Center for Children & Families, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. 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 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 Center for Children & Families, Inc. as of December 31, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2011 on our consideration of Center for Children & Families, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Center for Children & Families, Inc. taken as a whole. The accompanying supplemental information, as listed in the preceding table of contents, is presented for purposes of additional analysis. This supplemental information is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants

May 9, 2011

## FINANCIAL INFORMATION

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

STATEMENT OF FINANCIAL POSITION

December 31, 2010  
(With Comparative Totals for 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 276,000	\$ 8,394	\$ 0	\$ 284,394	\$ 251,238
Investments	20,486	0	13,506	33,992	561
Accounts Receivable	141,122	237,431	0	378,553	129,427
Pledges Receivable	160,131	0	0	160,131	190,217
Reserve for Uncollectible Pledges	(54,398)	0	0	(54,398)	0
Inventory	6,283	0	0	6,283	3,058
Prepaid Expenses	429	0	0	429	0
Total Current Assets	550,053	245,825	13,506	809,384	574,501
Noncurrent Assets:					
Pledges Receivable	0	383,853	0	383,853	360,624
Property & Equipment	97,557	0	0	97,557	97,557
Less: Accumulated Depreciation	(90,600)	0	0	(90,600)	(88,364)
Total Noncurrent Assets	6,957	383,853	0	390,810	369,817
<b>TOTAL ASSETS</b>	<b>\$ 557,010</b>	<b>\$ 629,678</b>	<b>\$ 13,506</b>	<b>\$ 1,200,194</b>	<b>\$ 944,318</b>
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities:					
Accounts Payable	\$ 1,582	\$ 0	\$ 0	\$ 1,582	\$ 584
Accrued Expenses	8,506	0	0	8,506	1,314
Total Current Liabilities	10,088	0	0	10,088	1,898
Noncurrent Liabilities:					
Liability for Compensated Absences	23,384	0	0	23,384	20,961
Total Noncurrent Assets	23,384	0	0	23,384	20,961
Net Assets:					
Undesignated	516,581	629,678	0	1,146,259	912,266
Net Investment in Property & Equipment	6,957	0	0	6,957	9,193
Permanently Restricted	0	0	13,506	13,506	0
Total Net Assets	523,538	629,678	13,506	1,166,722	921,459
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 557,010</b>	<b>\$ 629,678</b>	<b>\$ 13,506</b>	<b>\$ 1,200,194</b>	<b>\$ 944,318</b>

\* The accompanying notes are an integral part of the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010  
(With Comparative Totals for 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total
<b>REVENUE AND SUPPORT</b>					
Grants and Contracts	\$ 7,500	\$ 505,629	\$ 0	\$ 513,129	\$ 548,434
Contributions	349,880	405,271	13,452	768,603	616,100
United Way	131,500	0	0	131,500	123,000
Program and Class Fees	1,417	28,483	0	29,900	31,653
Other Revenue	4,654	38	0	4,692	8,891
In-Kind	81,963	0	0	81,963	115,333
Net Assets Released From Restriction:					
Satisfaction of Program and Time Restrictions	697,045	(697,045)	0	0	0
<b>Total Revenues</b>	<b>1,273,959</b>	<b>242,376</b>	<b>13,452</b>	<b>1,529,787</b>	<b>1,443,411</b>
<b>EXPENSES</b>					
Program Expense	1,031,340	0	0	1,031,340	1,029,949
General and Administrative Expenses	80,959	0	0	80,959	118,826
Fund Raising Expense	123,499	0	0	123,499	124,526
<b>Total Expenses</b>	<b>1,235,798</b>	<b>0</b>	<b>0</b>	<b>1,235,798</b>	<b>1,273,301</b>
Increase (Decrease) in Net Assets Before Other Gains and Losses	38,161	242,376	13,452	293,989	170,110
Other Gains and Losses:					
Interest	4,820	0	4	4,824	3,871
Loss on Investments	0	0	(5)	(5)	(137)
Unrealized Loss on Investments	(187)	0	55	(132)	0
Write Off of Receivables	0	0	0	0	(60,481)
Prior Period Adjustment	0	0	0	0	8,000
Cum. Effect of Accounting Change	(53,413)	0	0	(53,413)	0
<b>Total Other Gains and Losses</b>	<b>(48,780)</b>	<b>0</b>	<b>54</b>	<b>(48,726)</b>	<b>(48,747)</b>
Increase (Decrease) in Net Assets	(10,619)	242,376	13,506	245,263	121,363
Net Assets, Beginning of Year	534,157	387,302	0	921,459	800,096
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 523,538</b>	<b>\$ 629,678</b>	<b>\$ 13,506</b>	<b>\$ 1,166,722</b>	<b>\$ 921,459</b>

\* The accompanying notes are an integral part of the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010  
(With Comparative Totals for 2009)

<u>EXPENSES</u>	<u>Divorce Visitation Arbitration</u>	<u>Parents' Assistance</u>	<u>Teenage Parenting</u>
Salaries and Wages	\$ 105,000	\$ 142,751	\$ 33,030
Fringe Benefits and Taxes	33,046	44,192	11,341
Accounting	1,129	1,593	413
Advertising	0	0	0
Bank Service Charges	0	0	0
Client Needs	0	45	363
Conferences, Conventions & Meetings	277	938	528
Consultants and Contract Labor	113	157	40
Depreciation Expense	313	447	89
Dues, Subscriptions & Licensure	1,072	1,720	538
Equipment Rent & Maintenance	433	594	201
Fundraising Expense	0	0	0
Insurance	2,264	3,547	857
Mileage & Travel	109	522	1,764
Miscellaneous	0	10	105
Office Supplies	793	962	233
OSBI Background Checks	0	275	0
Postage	288	221	34
Printing & Artwork	1,299	2,029	434
Program Materials	564	873	313
Program Snacks	86	1,000	112
Occupancy	7,534	15,123	3,237
Telephone	682	950	339
In-Kind Expenses	0	45,000	10,055
<b>TOTAL EXPENSES</b>	<b>\$ <u>155,002</u></b>	<b>\$ <u>262,949</u></b>	<b>\$ <u>64,026</u></b>

\* The accompanying notes are an integral part of the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010  
(With Comparative Totals for 2009)

<u>EXPENSES</u>	<u>Bringing Up Babies</u>	<u>Neighborhood Centers</u>	<u>Trauma Focused Services</u>	<u>Total Program Expenses</u>
Salaries and Wages	\$ 103,361	\$ 157,333	\$ 75,914	\$ 617,389
Fringe Benefits and Taxes	33,168	38,011	23,846	183,604
Accounting	1,105	1,654	893	6,787
Advertising	0	0	0	0
Bank Service Charges	0	0	0	0
Client Needs	272	259	(10)	929
Conferences, Conventions & Meetings	1,557	2,759	1,889	7,948
Consultants and Contract Labor	110	1,650	6,437	8,507
Depreciation Expense	313	492	224	1,878
Dues, Subscriptions & Licensure	1,216	1,628	955	7,129
Equipment Rent & Maintenance	426	2,327	316	4,297
Fundraising Expense	0	0	0	0
Insurance	2,199	3,182	1,873	13,922
Mileage & Travel	6,195	1,937	303	10,830
Miscellaneous	0	0	50	165
Office Supplies	658	1,145	680	4,471
OSBI Background Checks	0	867	238	1,380
Postage	129	304	116	1,092
Printing & Artwork	1,588	1,372	661	7,383
Program Materials	1,227	6,378	393	9,748
Program Snacks	190	6,380	693	8,461
Occupancy	7,746	9,201	5,469	48,310
Telephone	2,503	1,146	435	6,055
In-Kind Expenses	0	25,700	300	81,055
<b>TOTAL EXPENSES</b>	<b>\$ <u>163,963</u></b>	<b>\$ <u>263,725</u></b>	<b>\$ <u>121,675</u></b>	<b>\$ <u>1,031,340</u></b>

\* The accompanying notes are an integral part of the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010  
(With Comparative Totals for 2009)

	<u>General and Administrative Expense</u>	<u>Fund Raising Expense</u>	<u>2010 Total</u>	<u>2009 Total</u>
<b>EXPENSES</b>				
Salaries and Wages	\$ 46,249	\$ 60,846	\$ 724,484	\$ 731,244
Fringe Benefits and Taxes	17,013	14,218	214,835	217,068
Accounting	563	650	8,000	6,197
Advertising	438	0	438	657
Bank Service Charges	1,515	349	1,864	2,211
Client Needs	1,048	0	1,977	3,159
Conferences, Conventions & Meetings	1,081	17,207	26,236	29,712
Consultants and Contract Labor	58	68	8,633	4,029
Depreciation Expense	179	179	2,236	2,458
Dues, Subscriptions & Licensure	1,402	6,802	15,333	14,248
Equipment Rent & Maintenance	520	268	5,085	9,081
Fundraising Expense	0	1,307	1,307	0
Insurance	1,122	1,194	16,238	16,179
Mileage & Travel	1,033	191	12,054	11,122
Miscellaneous	2,214	51	2,430	3,560
Office Supplies	1,033	745	6,249	5,263
OSBI Background Checks	469	0	1,849	792
Postage	151	1,364	2,607	3,573
Printing & Artwork	304	6,285	13,972	12,589
Program Materials	145	8,100	17,993	20,149
Program Snacks	460	32	8,953	4,744
Occupancy	2,710	3,237	54,257	53,452
Telephone	344	406	6,805	6,481
In-Kind Expenses	908	0	81,963	115,333
<b>TOTAL EXPENSES</b>	<u>\$ 80,959</u>	<u>\$ 123,499</u>	<u>\$ 1,235,798</u>	<u>\$ 1,273,301</u>

\* The accompanying notes are an integral part of the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2010  
(With Comparative Totals for 2009)

	<u>2010</u>	<u>2009</u>
	<u>Total</u>	<u>Total</u>
<u>Cash Flows From Operating Activities</u>		
Change in Net Assets	\$ 326,105	\$ 170,110
Adjustment to Reconcile change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	2,236	2,458
(Increase) Decrease in:		
Accounts Receivable	(249,125)	13,052
Pledges Receivable	6,857	(57,789)
Reserve for Uncollectible Pledges	54,398	0
Inventory	(3,225)	(86)
Prepaid Expense	(429)	920
Other Current Assets	0	151
Increase (Decrease) in:		
Accounts Payable	998	(3,567)
Accrued Liabilities	9,614	(17,536)
Write Off of Receivables	(32,116)	(60,481)
Prior Period Adjustment	0	8,000
Cumulative Effect of Accounting Change	(53,413)	0
Net Cash Provided (Used) by Operating Activities	<u>61,900</u>	<u>55,232</u>
<u>Cash Flows From Investing Activities</u>		
Acquisition of Investments	(33,431)	0
Interest on Deposits	4,824	3,871
Loss on Investments	0	(137)
Unrealized Loss on Investments	(137)	0
Net Cash Provided (Used) by Investing Activities	<u>(28,744)</u>	<u>3,734</u>
Increase (Decrease) in Cash	33,156	58,966
Cash and Cash Equivalents, Beginning of Year	<u>251,238</u>	<u>192,272</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 284,394</u>	<u>\$ 251,238</u>

\* The accompanying notes are an integral part of the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose – Center for Children & Families, Inc. (CCFI) was incorporated as Juvenile Services, Inc. on August 18, 1969, for the purpose of supporting existing juvenile programs and to improve and expand services for juveniles in Cleveland County. In 1999, the Board of Directors voted to change the name of the organization from Juvenile Services, Inc. to Center for Children & Families, Inc. The programs currently supported by the organization are:

**Divorce Visitation Arbitration** – Resolves conflicts between parents concerning visitation with children.

**Parents' Assistance** – Provides services to families in stressful situations that may lead, or have already led to child abuse or neglect.

**Teenage Parenting** – Provides education and other support services for teenage parents.

**Neighborhood Centers** – Provides accessible, intergenerational activities for students in a neighborhood setting.

**Trauma Focused Services** – Provides information and training in effective methods for assisting children and families suffering from trauma.

**OCAP – Bringing Up Babies** – Provides education and support services for families with small children.

CCFI is an independent agency funded by grants from the Department of Mental Health and Substance Abuse Services, Department of Human Services, Oklahoma State Department of Health, Department of Education, contracts with governmental entities and donations from individuals, businesses, and other not-for-profit organizations.

Basis of Accounting – Financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, contract funds are recognized as revenue when allowable expenses are incurred and a receivable represents that portion of the contract which CCFI has earned and/or requested, but not received. Expenses are recorded when a liability is incurred. Expenses incurred but not paid at year-end are represented by a liability on the statement of financial position. Grant funds received, but not yet expended for their specified purpose, are recognized as temporarily restricted net assets. Other revenue (i.e. donations) is recognized when received. Net asset balances represent cumulative revenue received over expenses incurred.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Financial Statement Presentation – The financial statements are presented in accordance with the Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*, which requires the organization to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as described below.

**Unrestricted** – These net assets are available for general obligations

**Temporarily Restricted** – These net assets represent contributions that contain donor imposed stipulations that expire with the passage of time or are fulfilled by the actions of the organization.

**Permanently Restricted** – These net assets would represent contributions or other assets whose use by the organization is limited by donor imposed stipulations that do not expire with time, or cannot be fulfilled or otherwise removed by actions of the organization. The investment income earned on these permanently restricted net assets would be either temporarily restricted or unrestricted based upon donor designations.

Donor restricted revenue is reported as an increase in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets.

Property and Equipment – Acquisitions of property and equipment are stated at cost at date of acquisition or fair value at date of donation or contribution. Expenditures for maintenance and repairs are charged to expense as incurred. Assets costing \$1,000 or more are capitalized using the straight-line method based on the estimated useful life of the asset.

Inventory – Inventories are stated at the lower of cost or market value and consist of t-shirts and tote bags sold throughout the year, items donated to be distributed to charitable beneficiaries at the organization's discretion, and items donated for future fund-raising activities.

Income Tax Status – Center for Children & Families, Inc. qualifies as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and is not a private foundation under Section 509(1). No provision for federal or state income taxes has been recorded.

Cash and Cash Equivalents – Cash and cash equivalents include bank accounts and investments readily convertible to cash.

Concentrations of Credit Risk – Financial instruments that potentially expose CCFI to concentrations of credit risk consist of cash, accounts receivable, and pledges receivable. Cash is deposited in high-quality financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation. At December 31, 2010, all deposits of CCFI were fully insured. Accounts receivable consist of billings made to grantor agencies for services rendered or under the terms of the various grants and contracts and are considered to be fully collectible. As discussed in Note 5, in 2010, CCFI established a reserve for uncollectible pledges to more accurately report risks associated with its pledges receivable.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Information – The financial statements include certain 2009 comparative information. With respect to the statement of activities, such prior information is not presented by net asset class. In the statement of functional expenses, 2009 expenses by object are presented in total rather than by function category. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2009 from which the summarized information was derived.

NOTE 2: INVESTMENTS

Investments of the organization consist of the following:

Unrestricted

Unrestricted investments represent shares in an emerging market index fund which were donated to CCFI shortly before year end. These shares were recorded at their stated market price on the date of donation which equaled \$20,485. The shares were liquidated on January 4, 2011 for \$19,963.

Permanently Restricted

Beneficial Interest in Assets Held by Others

CCFI has placed funds with the following foundations to be held in endowment funds.

Communities Foundation of Oklahoma

Balance December 31, 2009	\$ 561
Interest and Dividends	7
Realized Gains (Losses)	( 5)
Unrealized Gains (Losses)	55
Management Fees	( 3)
Balance December 31, 2010	<u>\$ 615</u>

Oklahoma City Community Foundation

Balance December 31, 2009	\$ 0
Reciprocal Transfers	<u>12,891</u>
Balance December 31, 2010	<u>\$ 12,891</u>
Total Permanently Restricted Investments	<u>\$ 13,506</u>

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 2: INVESTMENTS, CONTINUED

Investments in equity securities with readily determinable fair values are measured at fair value in the statement of financial position. Fair values are determined by reference to quoted market prices and other relevant information generated by market transactions. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. Restricted gains and investment income whose restrictions are met in the same reporting period are reported as unrestricted income.

	<u>Quoted Prices in Active Markets for Identical Assets</u>	<u>Significant Other Observable Inputs</u>	<u>Significant Unobservable Inputs</u>
Investments:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity Securities	\$ 20,485	\$ 0	\$ 0
Communities Foundation of Oklahoma	0	0	615
Oklahoma City Community Foundation	<u>0</u>	<u>0</u>	<u>12,891</u>
	<u>\$ 20,485</u>	<u>\$ 0</u>	<u>\$ 13,506</u>

Both the Communities Foundation of Oklahoma and the Oklahoma City Community Foundation also receive donations designated for CCFI by other donors. Both Foundations have been granted variance power and have the authority to distribute those donations as they see fit; therefore, those donations are not reflected in the Organization's financial statements. The corpus of the funds may not be withdrawn; however, income distributed to the organization by the funds may be used for any purpose. The interest in the endowment funds is recorded in the financial statements in accordance with generally accepted accounting principles and relevant funding agreements.

Endowment Investment and Spending Policies

The Foundations have adopted investment and spending policies, approved by their respective Boards of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundations' spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The primary objective of the investments will be to provide for long-term return growth of principle and income without undue exposure to risk enabling the Foundations to make grants on a continuing and reasonably consistent basis. Therefore, the focus is on consistent long-term capital appreciation, with income generation as a secondary consideration. The Foundations' target is a diversified asset allocation that will enable the foundations to achieve their long-term return objectives within prudent risk parameters.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 3: ACCOUNTS RECEIVABLE**

Accounts receivable consists of requests for advances and/or reimbursements to grantor and pass-through agencies for grant funds, as well as balances due from individuals and organizations for program fees.

**NOTE 4: PLEDGES RECEIVABLE**

Pledges receivable consist of the following at December 31, 2010.

Due in 1 year	\$ 160,131
Due in 2 – 5 years	334,975
Due in 6 – 10 years	<u>48,878</u>
TOTAL	<u>\$ 543,984</u>

**NOTE 5: CHANGE IN ACCOUNTING PRINCIPLE**

**Reserve for Uncollectible Pledges**

In 2010, CCFI established a reserve for uncollectible pledges in order to more accurately reflect the value of its pledges receivable. Based on historical information, management established the reserve at 10% of total pledges receivable and it equaled \$54,398 on December 31, 2010.

Prior to establishment of the reserve account, CCFI used the direct write-off method for writing off pledges when they were deemed by management to be uncollectible. Current year write-offs upon establishment of the reserve account equaled \$32,116 compared to \$60,481 written off in 2009 using the direct write-off method.

**NOTE 6: PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2010, consist of the following:

	Balance <u>12/31/09</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>12/31/10</u>
Furniture and Fixtures	\$ 13,724	\$ 0	\$ 0	\$ 13,724
Office Equipment	56,467	0	0	56,467
Playroom Equipment	2,190	0	0	2,190
Leasehold Improvements	<u>25,176</u>	<u>0</u>	<u>0</u>	<u>25,176</u>
	97,557	<u>\$ 0</u>	<u>\$ 0</u>	97,557
Less Accumulated Depreciation	<u>( 88,364)</u>			<u>( 90,600)</u>
Net Property and Equipment	<u>\$ 9,193</u>			<u>\$ 6,957</u>

Current year depreciation expense equaled \$2,236.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 7: SERVICE CONTRACTS AND GRANTS

CCFI derives a significant amount of its revenue from service contracts and grants from federal and state agencies. A significant reduction in the level of revenue from these agencies could have a material effect on the organization's programs, activities and operations.

NOTE 8: DONATED MATERIALS AND SERVICES

Donated materials are reflected as contributions at their estimated value on the date of receipt. The financial statements include donated goods and supplies.

CCFI uses classrooms at a local church, which is included in in-kind. Also, included in in-kind rent is space at two schools for CCFI's Neighborhood Centers program and food donations.

The total in-kind revenue and offsetting expenses and assets are recorded in the financial statements as \$81,963 for 2010 and \$115,333 for 2009.

CCFI also benefits from volunteer services. In 2010, volunteers provided 57 hours of professional services and 7,409 hours of nonprofessional services, and in 2009 volunteers provided 161 hours of professional services and 6,249 hours of nonprofessional services.

NOTE 9: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31<sup>st</sup> consist of the following:

	<u>2010</u>	<u>2009</u>
Restricted for Use in Specific Programs	\$ 8,394	\$ 26,678
Restricted for Use in Subsequent Year	<u>621,284</u>	<u>360,624</u>
Total Restricted	<u>\$ 629,678</u>	<u>\$ 387,302</u>

NOTE 10: CONTINGENCIES

In the normal course of operations, CCFI receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of the funds. Any liability for a reimbursement which may arise as the result of the audits of the grant funds is not believed to be material.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 11: COMPENSATED ABSENCES

Employees may accrue 8-20 hours of vacation time per month, depending on years of employment ranging from 3 to 25 years. Employees may accrue maximum days ranging from 12 to 30, again depending upon length of service. At December 31, 2010 and 2009, the organization's liability for compensated absences equaled \$23,384 and \$20,961 respectively.

NOTE 12: EMPLOYEE BENEFIT PLANS

IRC Section 125 Flexible Benefits Plan – The organization maintains a cafeteria plan under Section 125 of the Internal Revenue Code. The benefits offered are medical expense reimbursement and dependent care reimbursement. An employee is eligible to participate if he/she works a minimum of 20 hours per week and may become a participant on the first day of the month following 30 days of employment.

IRC Section 403(b) Plan – Employees have the option to participate in a tax deferred investment plan under Section 403(b) of the Internal Revenue Code. The Board of Directors may vote annually to augment this benefit, based on available financial resources, by a percentage to be determined by the Board of each employee's annual salary. Employees that work a minimum of 20 hours per week are automatically eligible to receive employer contributions. The employer contribution for the year ended December 31, 2010 and 2009 was \$24,979 and \$27,346 respectively.

NOTE 13: LEASE AGREEMENT

CCFI is party to a one-year lease agreement with the Community Services Building for office space. Monthly rental payments under this lease are \$4,421/month. Total rent expense for the years ended December 31, 2010 and 2009 equaled \$43,058 each.

NOTE 14: RELATED PARTY TRANSACTIONS

CCFI has an agreement with an employee/clinical director who pays \$50 per month to use CCFI's offices for private consultations after hours. Rental income for the year ended December 31, 2010 was \$500 and is included in other revenue in the financial statements.

NOTE 15: SUBSEQUENT EVENTS

Management of CCFI has evaluated subsequent events through May 9, 2011, which is the date the financial statements were available to be issued.

Saunders & Associates, PLLC  
Certified Public Accountants

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630 E 17<sup>th</sup> Street \* P. O. Box 1406 \* Ada, Oklahoma 74820 \* (580) 332-8548 \* FAX: (580) 332-2272  
Website: [www.saunderscpas.com](http://www.saunderscpas.com)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors  
Center for Children & Families, Inc.  
Norman, Oklahoma

We have audited the financial statements of Center for Children & Families, Inc. as of and for the year ended December 31, 2010, and have issued our report thereon dated May 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Center for Children & Families, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Center for Children & Families, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Center for Children & Families, Inc.'s internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Center for Children & Families, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the board of directors, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Saunders & Associates, PLLC*

SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants

May 9, 2011

SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2010

<u>Program Title/Source</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>U. S. Department of Justice</u>		
Passed Through Oklahoma District Attorney Council:		
VOCA Program (09-10)	16.575	\$ 27,413
VOCA Program (10-11)	16.575	<u>30,368</u>
Total U. S. Department of Justice		<u>57,781</u>
 <u>Corporation for National and Community Service</u>		
Passed Through Oklahoma Community Service Commission:		
AmeriCorps	94.006	<u>21,692</u>
Total Corporation for National and Community Services		<u>21,692</u>
 <u>U. S. Department of Housing and Urban Development</u>		
Passed Through City of Norman, Oklahoma:		
Community Development Block Grant	14.219	<u>7,600</u>
Total U. S. Department of Housing and Urban Development		<u>7,600</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS		 \$ <u><u>87,073</u></u>

Note: Expenditures are presented on the accrual basis and represent grant/contract portions only.

\* The accompanying notes are an integral part of the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended December 31, 2010

Program Title/Source	Contract Number	Revenue	Expenditures
<u>Oklahoma Department of Human Services</u>			
Parent's Assistance Program:			
Child Abuse Prevention (09-10)	T00818	\$ 105,000	\$ 41,863
Child Abuse Prevention (08-09)	T00818	90,000	35,185
Total Oklahoma Department of Human Services			77,048
<u>Oklahoma Department of Mental Health</u>			
Divorce Counseling and Support (09-10)	---	88,852	43,055
Divorce Counseling and Support (10-11)	---	88,851	27,044
Total Oklahoma Department of Mental Health			70,099
<u>Oklahoma Department of Education</u>			
Oklahoma Parents as Teachers	---	14,842	12,971
Total Oklahoma Department of Education			12,971
<u>Oklahoma Department of Health</u>			
Community-Based Family Resource and Support	---	142,235	75,057
Community-Based Family Resource and Support	---	142,235	70,385
Total Oklahoma Department of Health			145,442
TOTAL EXPENDITURES OF STATE AWARDS			\$ 305,560

\* The accompanying notes are an integral part of the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

STATUS OF PRIOR AUDIT FINDINGS

December 31, 2010

None reported.

\* The accompanying notes are an integral part of the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2010

None reported.

\* The accompanying notes are an integral part of the financial statements.