

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

***Norman, Oklahoma***

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

***For the Year Ended December 31, 2008***

***SAUNDERS & ASSOCIATES, PLLC***

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CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

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December 31, 2008

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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, 2008, 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.

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, 2008, 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 18, 2009 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*  
SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants

May 18, 2009

FINANCIAL INFORMATION

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

STATEMENT OF FINANCIAL POSITION

December 31, 2008  
(With Comparative Totals for 2007)

	Unrestricted	Temporarily Restricted	2008 Total	2007 Total
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 95,763	\$ 97,056	\$ 192,819	\$ 243,388
Accounts Receivable	142,479	0	142,479	224,703
Pledges Receivable	209,068	0	209,068	159,351
Inventory	2,972	0	2,972	3,846
Prepaid Expenses	920	0	920	0
Other Current Assets	151	0	151	253
Total Current Assets	451,353	97,056	548,409	631,541
Noncurrent Assets:				
Pledges Receivable	0	283,985	283,985	334,595
Property and Equipment	97,557	0	97,557	97,557
Less: Accumulated Depreciation	(85,906)	0	(85,906)	(75,432)
Total Noncurrent Assets	11,651	283,985	295,636	356,720
<b>TOTAL ASSETS</b>	<b>\$ 463,004</b>	<b>\$ 381,041</b>	<b>\$ 844,045</b>	<b>\$ 988,261</b>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Accounts Payable	\$ 4,151	\$ 0	\$ 4,151	\$ 6,515
Accrued Expenses	10,780	0	10,780	8,906
Total Current Liabilities	14,931	0	14,931	15,421
Noncurrent Liabilities:				
Liability for Compensated Absences	29,018	0	29,018	17,419
Total Noncurrent Assets	29,018	0	29,018	17,419
Net Assets:				
Undesignated	407,404	381,041	788,445	933,296
Net Investment in Property & Equipment	11,651	0	11,651	22,125
Total Net Assets	419,055	381,041	800,096	955,421
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 463,004</b>	<b>\$ 381,041</b>	<b>\$ 844,045</b>	<b>\$ 988,261</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, 2008  
(With Comparative Totals for 2007)

	Unrestricted	Temporarily Restricted	2008 Total	2007 Total
<b><u>REVENUE AND SUPPORT</u></b>				
Grants and Contracts	\$ 3,000	\$ 455,475	\$ 458,475	\$ 423,080
Contributions	240,277	146,213	386,490	340,858
United Way	81,500	0	81,500	163,000
Program and Class Fees	2,523	39,623	42,146	54,960
Other Revenue	3,763	970	4,733	3,675
In-Kind	126,393	0	126,393	98,036
Net Assets Released From Restriction: Satisfaction of Program and Time Restrictions	697,305	(697,305)	0	0
Total Revenues	1,154,761	(55,024)	1,099,737	1,083,609
<b><u>EXPENSES</u></b>				
Program Expense	1,019,660	0	1,019,660	1,033,480
General and Administrative Expenses	161,318	0	161,318	91,668
Fund Raising Expense	73,809	0	73,809	81,360
Total Expenses	1,254,787	0	1,254,787	1,206,508
Increase (Decrease) in Net Assets Before Other Gains and Losses	(100,026)	(55,024)	(155,050)	(122,899)
Other Gains and Losses:				
Interest	3,847	0	3,847	7,323
Unrealized Loss on Investments	(91)	0	(91)	0
Write-Off of Client Receivables	(4,031)	0	(4,031)	0
Cumulative Effect of Accounting Change	0	0	0	(3,489)
Increase (Decrease) in Net Assets	(100,301)	(55,024)	(155,325)	(119,065)
Net Assets, Beginning of Year	519,356	436,065	955,421	1,074,486
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 419,055</b>	<b>\$ 381,041</b>	<b>\$ 800,096</b>	<b>\$ 955,421</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, 2008  
(With Comparative Totals for 2007)

<u>EXPENSES</u>	<u>Divorce Visitation Arbitration</u>	<u>Parents' Assistance</u>	<u>Teenage Parenting</u>
Salaries and Wages	\$ 114,073	\$ 201,326	\$ 94,004
Fringe Benefits and Taxes	27,333	48,528	25,998
Accounting	0	0	0
Advertising	0	0	0
Bank Service Charges	3	0	0
Client Needs	55	876	1,138
Conferences, Conventions and Meetings	186	1,936	1,165
Consultants and Contract Labor	107	173	99
Depreciation Expense	1,362	2,199	1,257
Dues, Subscriptions and Licensure	898	1,410	1,068
Equipment Maintenance and Purchase	365	589	337
Fundraising Expense	0	0	0
Interest	0	0	0
Insurance	2,078	3,581	1,918
Mileage and Travel	140	1,077	4,106
Miscellaneous	606	281	0
Office Supplies	614	974	508
OSBI Background Checks	45	104	45
Postage	442	279	110
Printing	1,914	1,659	832
Program Materials	121	294	1,236
Program Snacks	0	1,290	353
Occupancy	6,601	12,163	6,093
Room and Board	0	0	0
Staff Consultant	0	0	0
Telephone	634	1,023	585
Volunteer Recognition	0	0	0
In-Kind Expenses	6,036	56,000	15,747
<b>TOTAL EXPENSES</b>	<b>\$ 163,613</b>	<b>\$ 335,762</b>	<b>\$ 156,599</b>

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

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2008  
(With Comparative Totals for 2007)

<u>EXPENSES</u>	<u>Extended Families</u>	<u>Neighbor- hood Centers</u>	<u>Trama Focused Services</u>	<u>Total Program Expenses</u>
Salaries and Wages	\$ 0	\$ 155,291	\$ 54,188	\$ 618,882
Fringe Benefits and Taxes	0	37,489	16,693	156,041
Accounting	0	1,500	0	1,500
Advertising	0	0	0	0
Bank Service Charges	0	0	0	3
Client Needs	0	100	0	2,169
Conferences, Conventions and Meetings	0	475	7,712	11,474
Consultants and Contract Labor	0	732	10,070	11,181
Depreciation Expense	0	1,885	1,152	7,855
Dues, Subscriptions and Licensure	0	1,219	800	5,395
Equipment Maintenance and Purchase	0	634	309	2,234
Fundraising Expense	0	0	0	0
Interest	0	0	0	0
Insurance	0	2,877	1,758	12,212
Mileage and Travel	0	768	1,581	7,672
Miscellaneous	0	12	101	1,000
Office Supplies	0	732	505	3,333
OSBI Background Checks	0	344	30	568
Postage	0	194	56	1,081
Printing	0	1,311	814	6,530
Program Materials	0	11,483	1,637	14,771
Program Snacks	0	1,216	310	3,169
Occupancy	0	9,140	5,586	39,583
Room and Board	141	0	0	141
Staff Consultant	0	0	0	0
Telephone	0	878	536	3,656
Volunteer Recognition	0	0	0	0
In-Kind Expenses	0	26,320	5,107	109,210
<b>TOTAL EXPENSES</b>	<b>\$ 141</b>	<b>\$ 254,600</b>	<b>\$ 108,945</b>	<b>\$ 1,019,660</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, 2008  
(With Comparative Totals for 2007)

<u>EXPENSES</u>	<u>General and Administrative Expense</u>	<u>Fund Raising Expense</u>	<u>2008 Total</u>	<u>2007 Total</u>
Salaries and Wages	\$ 74,974	\$ 24,925	\$ 718,781	\$ 622,628
Fringe Benefits and Taxes	18,986	3,742	178,769	158,960
Accounting	3,850	0	5,350	4,856
Advertising	0	0	0	1,203
Bank Service Charges	1,424	196	1,623	0
Client Needs	1,951	0	4,120	2,453
Conferences, Conventions and Meetings	821	18,624	30,919	18,899
Consultants and Contract Labor	2,356	0	13,537	95,430
Depreciation Expense	2,618	0	10,473	10,709
Dues, Subscriptions and Licensure	2,502	5,775	13,672	9,284
Equipment Maintenance and Purchase	3,741	0	5,975	19,206
Fundraising Expense	0	0	0	9,888
Interest	0	0	0	0
Insurance	3,996	0	16,208	20,105
Mileage and Travel	1,570	2,353	11,595	13,594
Miscellaneous	1,232	389	2,621	13,287
Office Supplies	3,020	157	6,510	4,423
OSBI Background Checks	450	0	1,018	0
Postage	1,130	908	3,119	3,739
Printing	4,295	6,009	16,834	13,022
Program Materials	920	10,548	26,239	24,422
Program Snacks	303	183	3,655	3,893
Occupancy	12,696	0	52,279	51,804
Room and Board	0	0	141	0
Staff Consultant	0	0	0	0
Telephone	1,300	0	4,956	5,509
Volunteer Recognition	0	0	0	1,158
In-Kind Expenses	17,183	0	126,393	98,036
<b>TOTAL EXPENSES</b>	<b>\$ 161,318</b>	<b>\$ 73,809</b>	<b>\$ 1,254,787</b>	<b>\$ 1,206,508</b>

\* 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, 2008  
(With Comparative Totals for 2007)

	<u>2008</u> Total	<u>2007</u> Total
<u>Cash Flows From Operating Activities</u>		
Change in Net Assets	\$ (155,050)	\$ (122,899)
Adjustment to Reconcile change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	10,473	10,709
(Increase) Decrease in:		
Accounts Receivable	82,224	(30,816)
Pledges Receivable	893	55,371
Inventory	874	(1,601)
Prepaid Expense	(920)	4,283
Other Current Assets	102	(235)
Increase (Decrease) in:		
Accounts Payable	(2,363)	4,460
Accrued Liabilities	13,473	1,061
Write-Off of Client Receivables	<u>(4,031)</u>	<u>0</u>
Net Cash Provided (Used) by Operating Activities	<u>(54,325)</u>	<u>(79,667)</u>
<u>Cash Flows From Investing Activities</u>		
Interest on Deposits	3,847	7,323
Unrealized Loss on Investments	<u>(91)</u>	<u>0</u>
Net Cash Provided (Used) by Investing Activities	<u>3,756</u>	<u>7,323</u>
Increase (Decrease) in Cash	(50,569)	(72,344)
Cash and Cash Equivalents, Beginning of Year	<u>243,388</u>	<u>315,732</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 192,819</u></b>	<b><u>\$ 243,388</u></b>

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

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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.

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 or earned. Net asset balances represent cumulative revenue received over expenses incurred.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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. The organization has no permanently restricted net assets.

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 and a U.S. Treasury Bill as well as pledges receivable. Cash and the T-Bill are maintained at high-quality financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2008, all deposits of CCFI were fully insured. The organization uses the direct write-off method for uncollectible pledges and based on past experience with donors, no material write-offs of receivables have been recorded. Management is of the opinion that no material write-offs will be required in the upcoming year.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 2: 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 2007 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, 2007 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, 2007 from which the summarized information was derived.

NOTE 2: 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 3: PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31, 2008.

Due in 1 year	\$ 209,068
Due in 2 – 5 years	271,607
Due in 6 – 10 years	<u>12,379</u>
TOTAL	<u>\$ 493,054</u>

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2008, consist of the following:

	<u>Balance</u> <u>12/31/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/08</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>( 75,432)</u>			<u>( 85,906)</u>
Net Property and Equipment	<u>\$ 22,125</u>			<u>\$ 11,651</u>

Current year depreciation expense equaled \$10,473.

NOTE 5: LINE OF CREDIT

CCFI maintains a \$50,000 line of credit at a bank. No draw downs were made on this account during the year.

NOTE 6: 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 7: 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 \$125,143.

CCFI also benefits from volunteer services. In 2008, volunteers provided 137.5 hours of professional services and 6,862 hours of nonprofessional services.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2008 consist of the following:

Restricted for Use in Specific Programs	\$ 97,056
Restricted for Use in Subsequent Year	<u>283,985</u>
Total Restricted	<u>\$ 381,041</u>

NOTE 9: 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.

NOTE 10: 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, 2008, the organization's liability for compensated absences equaled \$29,018.

NOTE 11: 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, 2008 was \$22,099.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 12: LEASE AGREEMENT

CCFI is party to a one-year lease agreement with the Community Services Building, which expired May 31, 2008. The agreement was renewed for a one-year period ending May 31, 2009. Monthly rental payments under this lease are \$4,215/month. Total rent expense under the lease was \$50,115 for the year-ended December 31, 2008.

In October, 2005, CCFI entered into a 5 year equipment lease for a copier. Lease payments are \$314/month and total lease expense for the year was \$3,768. Subsequent annual lease requirements are as follows:

<u>Year Ended</u>	<u>Required Lease Payments</u>
December 31, 2009	\$ 3,768
December 31, 2010	<u>2,826</u>
Total	<u>\$ 6,594</u>

NOTE 13: RELATED PARTY TRANSACTIONS

CCFI has an agreement with employees/counselors who pay \$50 per month to use CCFI's offices for private consultations after hours. Rental income for the year ended December 31, 2008 was \$950 and is included in other revenue in the financial statements.

# Saunders & Associates, PLLC

Certified Public Accountants

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## 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, 2008, and have issued our report thereon dated May 18, 2009. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Center for Children & Families, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Center for Children & Families, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by Center for Children & Families, Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Center for Children & Families, Inc.'s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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*.

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This report is intended solely for the information and use of management, 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 18, 2009

SUPPLEMENTAL INFORMATION

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2008

<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 (07-08)	16.575	\$ 29,597
VOCA Program (08-09)	16.575	<u>18,958</u>
Total U. S. Department of Justice		<u>48,555</u>
 <u>Corporation for National and Community Service</u>		
Passed Through Oklahoma Community Service Commission:		
AmeriCorps	94.006	<u>40,625</u>
Total Corporation for National and Community Services		<u>40,625</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>
 <u>U. S. Department of Education</u>		
Passed Through Oklahoma State Department of Education:		
21st Century Community Learning Centers	84.287	<u>61,333</u>
Total U. S. Department of Education		<u>61,333</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS		 <u>\$ 158,113</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, 2008

Program Title/Source	Contract Number	Award Amount	Expenditures
<u>Oklahoma Department of Human Services</u>			
Parent's Assistance Program:			
Child Abuse Prevention (07-08)	---	\$ 105,000	\$ 65,979
Child Abuse Prevention (08-09)	---	105,000	<u>58,047</u>
Total Oklahoma Department of Human Services			<u>124,026</u>
<u>Oklahoma Department of Mental Health</u>			
Divorce Counseling and Support (07-08)	8309002781	60,000	29,997
Divorce Counseling and Support (08-09)	8309002781	91,600	<u>45,410</u>
Total Oklahoma Department of Mental Health			<u>75,407</u>
<u>Oklahoma Department of Education</u>			
Oklahoma Parents as Teachers (07-08)	---	7,928	3,964
Oklahoma Parents as Teachers (08-09)	---	7,928	<u>3,964</u>
Total Oklahoma Department of Education			<u>7,928</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b>\$ <u><u>207,361</u></u></b>

\* 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, 2008

No significant deficiencies were noted in the prior year.

\* 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, 2008

There were no significant deficiencies noted in this audit period.

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