

**FOSTER CARE COALITION OF
GREATER ST. LOUIS, INC.
D/B/A FOSTER AND ADOPTIVE CARE COALITION**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE
YEARS ENDED DECEMBER 31, 2011 AND 2010**

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition

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Independent Auditors' Report

Board of Directors
Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
St. Louis, Missouri

We have audited the accompanying statements of financial position of Foster Care Coalition of Greater St. Louis, Inc. d/b/a Foster and Adoptive Care Coalition, (the "Coalition") (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Coalition's management. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide 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 the Coalition as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Schmersahl Treloar & Co., PC

June 25, 2012

FINANCIAL STATEMENTS

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2011	2010
ASSETS		
Cash and cash equivalents	\$ 361,377	\$ 58,240
Restricted cash for capital facilities	-	308,123
Accounts receivable		
United Way	211,195	186,195
Grants and other	482,190	396,474
Inventories	95,770	5,851
Investments	125,729	370,212
Office equipment, net of accumulated depreciation of \$112,749 and \$33,635, respectively	577,321	6,758
Other assets	17,716	10,000
TOTAL ASSETS	\$ 1,871,298	\$ 1,341,853

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 88,941	\$ 18,206
Accrued expenses	1,806	2,721
Sales tax payable	1,744	-
Deferred rent	111,760	71,073
Total Liabilities	204,251	92,000
NET ASSETS		
Unrestricted	1,098,377	382,375
Temporarily restricted	568,670	867,478
Total Net Assets	1,667,047	1,249,853
TOTAL LIABILITIES AND NET ASSETS	\$ 1,871,298	\$ 1,341,853

See accompanying notes to financial statements

Year Ended December 31, 2010

Unrestricted	Temporarily	
	Restricted	Total
\$ 291,422	\$ 453,198	\$ 744,620
-	186,195	186,195
340,124	456,326	796,450
115,645	-	115,645
11,986	-	11,986
10,828	-	10,828
3,343	-	3,343
<u>577,716</u>	<u>(577,716)</u>	<u>-</u>
<u>1,351,064</u>	<u>518,003</u>	<u>1,869,067</u>
570,492	-	570,492
<u>715,535</u>	<u>-</u>	<u>715,535</u>
<u>1,286,027</u>	<u>-</u>	<u>1,286,027</u>
51,403	-	51,403
<u>217,770</u>	<u>-</u>	<u>217,770</u>
<u>269,173</u>	<u>-</u>	<u>269,173</u>
<u>1,555,200</u>	<u>-</u>	<u>1,555,200</u>
(204,136)	518,003	313,867
<u>586,511</u>	<u>349,475</u>	<u>935,986</u>
<u>\$ 382,375</u>	<u>\$ 867,478</u>	<u>\$ 1,249,853</u>

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2011

	Program Services			Supporting Services		
	Recruitment	Retention	Total	Management and General	Fund-Raising	Total
Salaries and wages	\$ 361,871	\$ 386,068	\$ 747,939	\$ 46,318	\$ 108,616	\$ 154,934
Payroll taxes	27,698	29,550	57,248	3,545	8,314	11,859
Employee benefits	48,181	51,403	99,584	6,166	14,462	20,628
Total Salaries and Related Expenses	437,750	467,021	904,771	56,029	131,392	187,421
Specific assistance to individuals						
Holiday Wishes	-	171,187	171,187	-	-	-
Little Wishes	-	7,895	7,895	-	-	-
Occupancy, including depreciation	70,471	75,183	145,654	9,020	21,302	30,322
Professional fees	40,376	72,081	112,457	2,326	7,328	9,654
Printing and publications	2,152	21,242	23,394	-	9,264	9,264
Supplies	9,563	10,203	19,766	1,224	5,709	6,933
Telephone	7,376	5,735	13,111	688	3,885	4,573
Travel	14,791	1,706	16,497	195	502	697
Conferences and meetings	5,130	9,050	14,180	282	902	1,184
Insurance	5,670	6,051	11,721	726	1,702	2,428
Postage and shipping	4,190	4,470	8,660	536	2,425	2,961
Membership dues	-	4,962	4,962	-	-	-
Total Expenses By Function	\$ 597,469	\$ 856,786	\$ 1,454,255	\$ 71,026	\$ 184,411	\$ 255,437
Percent of Total Expenses	34.9%	50.1%	85.0%	4.2%	10.8%	15.0%
						100.0%

See accompanying notes to financial statements

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2010

	Program Services		Supporting Services			Total
	Recruitment	Retention	Total	Management and General	Fund-Raising	
Salaries and wages	\$ 385,176	\$ 320,530	\$ 705,706	\$ 36,255	\$ 130,815	\$ 167,070
Payroll taxes	29,125	24,237	53,362	2,741	9,891	12,632
Employee benefits	41,318	34,383	75,701	3,888	14,033	17,921
Total Salaries and Related Expenses	455,619	379,150	834,769	42,884	154,739	197,623
Specific assistance to individuals						
Holiday Wishes	-	184,932	184,932	-	-	-
Little Wishes	-	4,891	4,891	-	-	-
						184,932
Occupancy, including depreciation	38,216	34,202	72,418	3,597	12,979	16,576
Professional fees	21,670	53,788	75,458	1,607	14,670	16,277
Printing and publications	5,740	6,026	11,766	-	15,066	15,066
Supplies	1,886	4,940	6,826	177	1,874	2,051
Telephone	8,105	6,339	14,444	644	4,192	4,836
Travel	18,045	8,173	26,218	774	2,792	3,566
Conferences and meetings	-	14,956	14,956	-	5,119	5,119
Insurance	10,676	8,884	19,560	1,004	3,626	4,630
Postage and shipping	7,634	6,353	13,987	716	2,713	3,429
Membership dues	2,901	2,901	5,802	-	-	-
Total Expenses By Function	\$ 570,492	\$ 715,535	\$ 1,286,027	\$ 51,403	\$ 217,770	\$ 269,173
Percent of Total Expenses	36.7%	46.0%	82.7%	3.3%	14.0%	17.3%
						100.0%

See accompanying notes to financial statements

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENTS OF CASH FLOWS

	<u>Years Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 417,194	\$ 313,867
Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities:		
Depreciation	91,459	2,720
Donated stock	(5,281)	(18,204)
Realized and unrealized gain on investments	(1,670)	(4,459)
(Increase) decrease in assets:		
Grants receivable	(110,716)	(188,034)
Inventories	(89,919)	154
Other assets	(7,716)	(10,000)
Increase (decrease) in liabilities:		
Deferred rent	40,687	71,073
Accounts payable and accrued expenses	<u>71,564</u>	<u>(86,319)</u>
 Net Change in Cash and Cash Equivalents from Operating Activities	 <u>405,602</u>	 <u>80,798</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Paid to purchase investments	(120,000)	(7,527)
Received from sale of investments	371,434	-
Paid to purchase fixed assets	<u>(662,022)</u>	<u>(5,889)</u>
 Net Change in Cash and Cash Equivalents from Investing Activities	 <u>(410,588)</u>	 <u>(13,416)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 <u>(4,986)</u>	 <u>67,382</u>
 CASH AND CASH EQUIVALENTS, Beginning of year	 <u>366,363</u>	 <u>298,981</u>
 CASH AND CASH EQUIVALENTS, End of year	 <u>\$ 361,377</u>	 <u>\$ 366,363</u>

See accompanying notes to financial statements

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

Foster Care Coalition of Greater St. Louis, Inc. d/b/a Foster and Adoptive Care Coalition (the "Coalition") is a not-for-profit corporation established in 1985 by representatives of St. Louis foster care agencies to create permanency in every foster child's life by recruiting and supporting foster and adoptive homes. The Coalition works to achieve its mission through programs directed toward recruitment and retention.

Financial Statement Presentation

The financial statements report amounts by classes of net assets, as follows:

Unrestricted Net Assets – are those which have no donor restrictions and are currently available for use by the Coalition.

Temporarily Restricted Net Assets – are those received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes. There are no permanently restricted net assets as of December 31, 2011 and 2010.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from these estimates.

Concentration of Credit Risk

The Coalition generates receivables and revenues from grant agencies in the normal course of business. The organizations are located throughout the St. Louis metropolitan area. The Coalition does not require collateral to secure receivables from these agencies.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand and short term investments that can be converted into cash within three months or less from time of purchase, including certificates of deposit and money market funds.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Cash and Cash Equivalents (Continued)

Cash balances held at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Coalition did not have cash deposits and short-term investments in financial institutions in excess of federally insured limits as of December 31, 2011 and 2010, respectively.

During 2011 and 2010, for cash flow reporting purposes, no cash payments relating to interest or income tax were made.

Contributions Receivable and Grants Receivable

Contributions receivable and grants receivable are carried net of allowance for doubtful accounts. The allowance for doubtful accounts is increased by provisions charged to expense and reduced by accounts charged off, net of recoveries. The allowance is maintained at a level considered adequate to provide for potential account losses based on management's evaluation of the anticipated impact on the balance of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors. No allowance was deemed necessary as of December 31, 2011 and 2010.

Contributions and Grants

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Coalition reports gifts of cash, grants and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions and grants are recorded in the temporarily restricted class for restrictions expiring during the year, and then transferred to the unrestricted class.

Inventories

Inventories, which are sold at the Coalition's KidStore and [RE]FRESH facilities, consist of donated clothing items and are valued at resale price.

Investments

Investments consist of certificates of deposit and various donated common stocks and are carried at fair value. The cost of investments approximates fair market value. Return on investment consists of interest, dividends and unrealized and realized gains and losses and is reported on the Statement of Activities.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Office Equipment

Office equipment is stated at cost less accumulated depreciation. Depreciation of office equipment is provided using the straight-line method over three years. Expenditures for repairs and maintenance are charged to operations while renewals and betterments are capitalized.

Revenue Recognition

Grant and contribution revenues are recognized when the amount is awarded by the donor. The Coalition recognizes membership fees over the membership period. Other revenue is recognized as services are performed.

In-Kind Services (Donated Services and Facilities)

The Coalition received donated inventory, which was reflected as revenue during the years ended December 31, 2011 and 2010.

The Coalition also receives in-kind advertising for Little Wishes and other programs from KSDK Television Station. Since the Coalition was not provided information from the donor, it is unable to record the value of this donated service.

The Coalition also receives assistance from volunteers donating their time for education and other programs. Since donated time for these types of volunteer services is undeterminable, the Coalition is unable to record the value of these donated services.

Functional Expenses

Functional expenses have been allocated between program services and supporting services based primarily on an analysis of personnel time. In addition, other costs are directly and indirectly allocated among the programs and supporting services benefited based on management's estimates.

Financial Instruments

The carrying amount of accounts receivable, accounts payable and accrued expenses approximates fair value due to the short-term maturities of these instruments.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Significant Donors

The Coalition received \$626,975 and \$651,463 (or approximately 29% and 35% of its support, respectively) for the years ended December 31, 2011 and 2010 from four donors: St. Louis County Children's Service Fund, Dave Thomas Foundation for Adoption, Missouri Coalition for Children's Agencies, and the United Way of Greater St. Louis.

Income Tax

The Coalition qualifies as a nonprofit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Coalition does not have unrelated business income, excise taxes, or activities that would threaten the Coalition's tax-exempt status. Accordingly, no provision for federal or state income taxes is provided. The Coalition files an information return, the IRS Form 990.

The Coalition follows the provisions of uncertain tax positions as addressed by the Financial Accounting Standards Board and management is not aware of any uncertain tax positions of the Company related to the tax filings.

Reclassification

Certain amounts in prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Subsequent Events

In preparing these financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through June 25, 2012, the date the financial statements were available to be issued.

B. **INVESTMENTS**

The Coalition's investment holdings at December 31, 2011 are summarized as follows:

	Cost	Fair Value
Money market account	\$120,732	\$120,732
Common stock	5,281	4,997
Total Investments	\$126,013	\$125,729

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010
(Continued)

B. INVESTMENTS (Continued)

The Coalition's investment holdings at December 31, 2010 are summarized as follows:

	Cost	Fair Value
Certificates of deposit	\$223,589	\$223,589
Money market account	100,250	100,250
Common stock	37,956	46,373
Total Investments	\$361,795	\$370,212

The Coalition's investment income as reported on the statements of activities consists of the following:

	December 31,	
	2011	2010
Interest and dividends	\$1,474	\$ 7,527
Unrealized and realized gain on investments	1,670	4,459
Total Net Investment Income	\$3,144	\$11,986

C. FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2011</u>				
Money market account	\$120,732	\$120,732	\$ -	\$ -
Stocks	4,997	4,997	-	-
Total	\$125,729	\$125,729	\$ -	\$ -
<u>December 31, 2010</u>				
Certificates of deposit	\$223,589	\$223,589	\$ -	\$ -
Money market account	100,250	100,250		
Stocks	46,373	46,373	-	-
Total	\$370,212	\$370,212	\$ -	\$ -

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010
(Continued)

C. FAIR VALUE MEASUREMENTS (Continued)

Financial assets valued using Level 1 inputs are based on quoted market prices within active markets, such as exchange-traded securities. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Examples of Level 2 include U.S. Treasury securities, corporate and municipal bonds, and mortgage backed securities. Financial assets valued using Level 3 inputs are based primarily on assumptions about the marketability of the assets and can include corporate loans, mortgage loans, distressed debt, and investments in real estate funds. The Coalition has no Level 2 or Level 3 assets.

D. CUSTODIAL FUNDS

The Coalition acts as a custodian of funds for the 100 Neediest Cases program. As such, the Coalition has recorded the cash and a corresponding liability of \$35 at December 31, 2011 and 2010.

E. GRANTS AND OTHER RECEIVABLES

Grants receivable and other receivables consist of the following at December 31:

	<u>2011</u>	<u>2010</u>
ARCHS	\$ 81,545	\$ 34,545
Dave Thomas Foundation for Adoption	67,500	99,000
Emerson	45,000	60,000
Enterprise (via United Way) Basic Needs Grant	42,500	-
St. Louis Mental Health Board	39,384	35,599
Missouri Coalition of Children's Agencies	37,122	27,595
Lutheran Foundation of St. Louis	37,000	-
Citigroup	18,136	19,969
St. Louis County Children's Services Fund	15,699	17,529
Schnuck's Market	15,000	20,000
Other receivables	<u>83,304</u>	<u>82,237</u>
Total Contracts and Grants Receivable	<u>\$482,190</u>	<u>\$396,474</u>

The Emerson grant is restricted to support RE[FRESH] and the Foster and Adoption Resource Center. The Schnuck's Market grant is restricted to the construction and operation of the new facilities. The Enterprise Basic Needs Grant is temporarily restricted for time.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010
(Continued)

F. RETAIL STORE REVENUE

The Coalition operates two resale stores that sell donated clothing. Income and expenses for the resale stores were the following for the years ended December 31:

	2011	2010
Sales	\$ 55,511	\$3,343
Clothing donations	168,861	-
Cost of sales	(78,942)	-
	145,430	3,343
Gross profit		
Operating expenses	(122,825)	-
	\$ 22,605	\$3,343
Net retail store revenue	\$ 22,605	\$3,343

G. TEMPORARILY RESTRICTED NET ASSETS

In 2010, multiple donors provided contributions to fund the construction of the new office space and store. The contributions amounts were recorded as temporarily restricted support and revenue based upon the donor-imposed restriction; at the time the monies are used for the construction, such amounts will be reclassified to unrestricted net assets.

Temporarily restricted net assets are available for the following purposes at December 31,:

	2011	2010
Future periods/United Way	\$211,195	\$186,195
Recruitment and retention	251,642	212,313
Capital facilities	60,000	406,326
30 Days to Family	45,833	50,000
Little Wishes	-	12,644
	\$568,670	\$867,478
	\$568,670	\$867,478

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010
(Continued)

G. TEMPORARILY RESTRICTED NET ASSETS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows during the year ended December 31,:

	2011	2010
Future periods/United Way	\$ 186,195	\$161,195
Recruitment and retention	478,969	414,884
Capital facilities	346,326	-
30 Days to Family	50,000	-
Little Wishes	12,644	1,637
	\$1,074,134	\$577,716

H. LEASE COMMITMENTS

The Coalition also has an oral agreement with a church for space for the KidStore facility. Payments are \$200 per month and rent expense was \$2,400 for the years ended December 31, 2011 and 2010.

In May 2010, the Coalition entered into a new building lease agreement. The term of the lease is six years, two months and included 14 months of rent subsidies. The Coalition has deferred the rent subsidy in the amount of \$111,760 and \$71,073 at December 31, 2011 and 2010, respectively, and will recognize it over life of the lease. Future minimum rental payments to be paid on this operating lease are summarized below:

<u>Year</u>	<u>Amount</u>
2012	\$134,115
2013	138,138
2014	142,283
2015	146,551
2016	74,734
	\$635,821

Rent expense for the years ended December 31, 2011 and 2010 was \$84,367 and \$83,874, respectively.

I. RELATED PARTY SERVICES

The Coalition has paid a Board member \$3,800 to provide professional services for the Coalition in 2011.