

**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, 2013 AND 2012**

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

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Independent Auditors' Report

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

We have audited the accompanying financial statements of Foster Care Coalition of Greater St. Louis, Inc. d/b/a Foster and Adoptive Care Coalition (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, 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. Those standards 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 auditor's 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 auditor considers 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 Foster Care Coalition of Greater St. Louis, Inc. d/b/a Foster and Adoptive Care Coalition as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Schmersahl Telou & Co, PC

St. Louis, Missouri

June 23, 2014

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,	
	2013	2012
ASSETS		
Cash and cash equivalents	\$ 391,405	\$ 826,603
Accounts receivable		
United Way	217,195	211,195
Grants and other	649,009	381,300
Inventory	43,038	34,579
Investments	682,088	252,489
Property and equipment, net	358,722	457,008
Other assets	10,000	17,716
TOTAL ASSETS	\$ 2,351,457	\$ 2,180,890

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 35,895	\$ 12,822
Accrued expenses	36,395	3,036
Deferred rent	62,166	86,994
Total Liabilities	134,456	102,852
NET ASSETS		
Unrestricted	1,072,668	1,080,547
Temporarily restricted	769,333	622,491
Permanently restricted	375,000	375,000
Total Net Assets	2,217,001	2,078,038
TOTAL LIABILITIES AND NET ASSETS	\$ 2,351,457	\$ 2,180,890

See accompanying notes to financial statements

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

	Year Ended December 31, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
Grants	\$ 938,494	\$ 586,304	\$ -	\$ 1,524,798
United Way allocation	-	217,195	-	217,195
Contributions	590,998	-	-	590,998
Special events, net of direct expenses of \$45,551 and \$95,997, respectively	140,468	-	-	140,468
Return on investments	2,125	52,549	-	54,674
Other income	9,450	-	-	9,450
Retail store revenue, net of operating expenses	(39,527)	-	-	(39,527)
Net assets released from restrictions	709,206	(709,206)	-	-
Total Public Support and Revenue	<u>2,351,214</u>	<u>146,842</u>	<u>-</u>	<u>2,498,056</u>
EXPENSES				
Program Services				
Recruitment	887,641	-	-	887,641
Retention	1,100,449	-	-	1,100,449
Total Program Services	<u>1,988,090</u>	<u>-</u>	<u>-</u>	<u>1,988,090</u>
Supporting Services				
Management and general	92,549	-	-	92,549
Fundraising	278,454	-	-	278,454
Total Supporting Services	<u>371,003</u>	<u>-</u>	<u>-</u>	<u>371,003</u>
Total Expenses	<u>2,359,093</u>	<u>-</u>	<u>-</u>	<u>2,359,093</u>
CHANGE IN NET ASSETS	(7,879)	146,842	-	138,963
NET ASSETS, Beginning of year	<u>1,080,547</u>	<u>622,491</u>	<u>375,000</u>	<u>2,078,038</u>
NET ASSETS, End of year	<u>\$ 1,072,668</u>	<u>\$ 769,333</u>	<u>\$ 375,000</u>	<u>\$ 2,217,001</u>

See accompanying notes to financial statements

Year Ended December 31, 2012

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 658,551	\$ 572,989	\$ -	\$ 1,231,540
-	211,195	-	211,195
528,545	125,000	375,000	1,028,545
125,633	-	-	125,633
1,567	-	-	1,567
58,669	-	-	58,669
(108,919)	-	-	(108,919)
<u>855,363</u>	<u>(855,363)</u>	<u>-</u>	<u>-</u>
<u>2,119,409</u>	<u>53,821</u>	<u>375,000</u>	<u>2,548,230</u>
809,741	-	-	809,741
<u>988,055</u>	<u>-</u>	<u>-</u>	<u>988,055</u>
<u>1,797,796</u>	<u>-</u>	<u>-</u>	<u>1,797,796</u>
85,527	-	-	85,527
<u>253,916</u>	<u>-</u>	<u>-</u>	<u>253,916</u>
<u>339,443</u>	<u>-</u>	<u>-</u>	<u>339,443</u>
<u>2,137,239</u>	<u>-</u>	<u>-</u>	<u>2,137,239</u>
(17,830)	53,821	375,000	410,991
<u>1,098,377</u>	<u>568,670</u>	<u>-</u>	<u>1,667,047</u>
<u>\$ 1,080,547</u>	<u>\$ 622,491</u>	<u>\$ 375,000</u>	<u>\$ 2,078,038</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, 2013

	Program Services			Supporting Services			Total
	Recruitment	Retention	Total	Management and General	Fund- Raising	Total	
Salaries and wages	\$ 539,976	\$ 497,610	\$ 1,037,586	\$ 59,162	\$ 156,678	\$ 215,840	\$ 1,253,426
Payroll taxes	41,594	38,330	79,924	4,557	12,069	16,626	96,550
Employee benefits	107,283	98,865	206,148	11,754	31,129	42,883	249,031
 Total Salaries and Related Expenses	 688,853	 634,805	 1,323,658	 75,473	 199,876	 275,349	 1,599,007
 Specific assistance to individuals							
Holiday Wishes	-	212,414	212,414	-	-	-	212,414
Little Wishes	-	16,441	16,441	-	-	-	16,441
 Occupancy, including depreciation	93,686	87,382	181,068	10,264	29,084	39,348	220,416
Professional fees	37,497	70,772	108,269	3,615	13,535	17,150	125,419
Printing and publications	1,865	17,539	19,404	32	21,200	21,232	40,636
 Travel	36,027	2,320	38,347	270	1,407	1,677	40,024
Conferences and meetings	1,441	33,192	34,633	159	3,491	3,650	38,283
Telephone	11,295	7,537	18,832	896	3,540	4,436	23,268
 Insurance	8,053	7,421	15,474	882	2,337	3,219	18,693
Supplies	4,103	6,251	10,354	438	2,607	3,045	13,399
Postage and shipping	4,267	3,865	8,132	459	1,217	1,676	9,808
Membership dues	554	510	1,064	61	160	221	1,285
 Total Expenses By Function	 <u>\$ 887,641</u>	 <u>\$ 1,100,449</u>	 <u>\$ 1,988,090</u>	 <u>\$ 92,549</u>	 <u>\$ 278,454</u>	 <u>\$ 371,003</u>	 <u>\$ 2,359,093</u>
 Percent of Total Expenses	 <u>37.6%</u>	 <u>46.7%</u>	 <u>84.3%</u>	 <u>3.9%</u>	 <u>11.8%</u>	 <u>15.7%</u>	 <u>100.0%</u>

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, 2012

	Program Services			Supporting Services			Total
	Recruitment	Retention	Total	Management and General	Fund- Raising	Total	
Salaries and wages	\$ 489,273	\$ 464,544	\$ 953,817	\$ 53,388	\$ 148,377	\$ 201,765	\$ 1,155,582
Payroll taxes	38,477	36,533	75,010	4,199	11,669	15,868	90,878
Employee benefits	86,633	82,254	168,887	9,453	26,272	35,725	204,612
Total Salaries and Related Expenses	614,383	583,331	1,197,714	67,040	186,318	253,358	1,451,072
Specific assistance to individuals							
Holiday Wishes	-	179,669	179,669	-	-	-	179,669
Little Wishes	-	9,700	9,700	-	-	-	9,700
Occupancy, including depreciation	85,691	81,360	167,051	9,350	28,237	37,587	204,638
Professional fees	35,860	56,827	92,687	2,610	13,497	16,107	108,794
Printing and publications	2,317	12,781	15,098	2,780	12,039	14,819	29,917
Travel	22,346	3,748	26,094	294	818	1,112	27,206
Conferences and meetings	14,881	31,142	46,023	63	1,227	1,290	47,313
Telephone	11,681	8,056	19,737	926	3,640	4,566	24,303
Insurance	10,216	9,699	19,915	1,115	3,098	4,213	24,128
Supplies	6,066	5,760	11,826	662	2,085	2,747	14,573
Postage and shipping	4,190	3,978	8,168	457	2,317	2,774	10,942
Membership dues	2,110	2,004	4,114	230	640	870	4,984
Total Expenses By Function	\$ 809,741	\$ 988,055	\$ 1,797,796	\$ 85,527	\$ 253,916	\$ 339,443	\$ 2,137,239
Percent of Total Expenses	<u>37.9%</u>	<u>46.2%</u>	<u>84.1%</u>	<u>4.0%</u>	<u>11.9%</u>	<u>15.9%</u>	<u>100.0%</u>

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

	Years Ended December 31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 138,963	\$ 410,991
Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities:		
Depreciation	128,770	120,313
Donated stock	-	(5,114)
Realized and unrealized (gain) on investments	(53,979)	(921)
(Increase) decrease in assets:		
Grants receivable	(273,709)	100,890
Inventory	(8,459)	61,191
Other assets	10,456	-
Increase (decrease) in liabilities:		
Deferred rent	(24,828)	(24,766)
Accounts payable and accrued expenses	<u>53,692</u>	<u>(76,633)</u>
 Net Change in Cash and Cash Equivalents from Operating Activities	 (29,094)	 <u>585,951</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(889,760)	(126,606)
Received from sale of investments	514,140	5,881
Paid to purchase fixed assets	<u>(30,484)</u>	<u>-</u>
 Net Change in Cash and Cash Equivalents from Investing Activities	 (406,104)	 (120,725)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 (435,198)	 465,226
 CASH AND CASH EQUIVALENTS, Beginning of year	 <u>826,603</u>	 <u>361,377</u>
 CASH AND CASH EQUIVALENTS, End of year	 <u>\$ 391,405</u>	 <u>\$ 826,603</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, 2013 and 2012

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.

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. Cash and short-term investments held in a bank money market account are reported as investments instead of cash because the Organization holds those funds as an endowment.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012
(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 (FDIC) up to \$250,000. As of December 31, 2012, balances exceeded the FDIC insured limit by \$574,388. As of December 31, 2013, the Coalition did not exceed the FDIC insured limit. The Coalition has not experienced and does not anticipate any losses in such accounts.

During 2013 and 2012, for cash flow reporting purposes, no cash payments relating to interest or income tax were made.

Grants Receivable and Other Receivable

Grants receivable and other 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, 2013 and 2012.

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.

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.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012
(Continued)

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

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.

Property and Equipment

Property and equipment consists of office equipment and leasehold improvements, which are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Office Equipment	3 years
Leasehold Improvements	6 years

Expenditures for repairs and maintenance are charged to operations as incurred while renewals and betterments of \$2,000 or more are capitalized.

Inventory

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

In-Kind Services (Donated Services and Facilities)

The Coalition received donated inventory, which was reflected as revenue during the years ended December 31, 2013 and 2012.

The Coalition also received in-kind advertising for Little Wishes and other programs from KSDK Television Station for the year ending December 31, 2012. 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.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012
(Continued)

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

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.

Significant Funding

The Coalition received \$965,211 and \$975,145 of its support, respectively, for the years ended December 31, 2013 and 2012 from four funders: St. Louis County Children's Service Fund, St. Louis Mental Health Board, Missouri Coalition for Children's Agencies, and the United Way of Greater St. Louis. The current level of the Coalition's operations and program services may be impacted if the funding is not renewed from one or more of these funders.

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 for the years ending December 31, 2013 and 2012. The Coalition files an information return, the IRS Form 990. The Coalition's tax returns for the years 2010 and later remain subject to examination by taxing authorities.

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.

Subsequent Events

In preparing these financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through June 23, 2014, the date the financial statements were available to be issued.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012
(Continued)

B. INVESTMENTS

The Coalition's investment holdings at December 31, 2013 are summarized as follows:

	Cost	Fair Value
Mutual funds	\$504,579	\$539,017
Money market account	136,490	136,490
Common stock	5,114	6,581
Total Investments	\$646,183	\$682,088

The Coalition's investment holdings at December 31, 2012 are summarized as follows:

	Cost	Fair Value
Money market account	\$247,338	\$247,338
Common stock	5,114	5,151
Total Investments	\$252,452	\$252,489

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

	December 31,	
	2013	2012
Interest and dividends	\$ 695	\$ 646
Unrealized and realized gain on investments	53,979	921
Total Net Investment Income	\$54,674	\$1,567

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012
(Continued)

C. FAIR VALUE MEASUREMENTS

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

	<u>Fair Value Measurements at Reporting Date Using</u>			
	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, 2013</u>				
Mutual funds	\$539,017	\$539,017	\$ -	\$ -
Money market account	136,490	136,490	-	-
Stocks	6,581	6,581	-	-
Total	<u>\$682,088</u>	<u>\$682,088</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2012</u>				
Money market account	\$247,338	\$247,338	\$ -	\$ -
Stocks	5,151	5,151	-	-
Total	<u>\$252,489</u>	<u>\$252,489</u>	<u>\$ -</u>	<u>\$ -</u>

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. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2013</u>	<u>2012</u>
Office Equipment	\$157,641	\$127,157
Leasehold Improvements	562,913	562,913
Less: accumulated depreciation	(361,832)	(233,062)
Property and Equipment, net	<u>\$358,722</u>	<u>\$457,008</u>

Depreciation expense was \$128,770 and \$120,313 for the years ended December 31, 2013 and 2012, respectively.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012
(Continued)

E. GRANTS AND OTHER RECEIVABLES

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

	2013	2012
ARCHS	\$133,324	\$ 37,873
Bank of America	200,000	-
Dave Thomas Foundation for Adoption	70,000	70,000
Emerson	15,000	30,000
Illinois DCFS	14,000	-
St. Louis Mental Health Board	147,600	119,903
Missouri Coalition of Children's Agencies	-	41,393
Lutheran Foundation of St. Louis	-	15,000
St. Louis County Children's Services Fund	34,483	31,306
Schnuck's Market	5,000	10,000
Other receivables	29,602	25,825
Total Grants and Other Receivables	\$649,009	\$381,300

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.

F. NET ASSETS

In 2012, the Coalition received a contribution from Carleen Goddard-Mazur's estate with the purpose of creating the Carleen Goddard-Mazur Training Institute (the "Institute"). A portion of the contribution, \$125,000, is to be used to create the Institute over a two year period. The remaining amount of the contribution, \$375,000, is to be held in perpetuity to fund the operational needs of the Institute.

In 2010, multiple donors provided contributions to fund the construction of the new office space and store. The contribution 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.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012
(Continued)

F. **NET ASSETS** (Continued)

Net assets are comprised of the following at December 31:

	2013	2012
Unrestricted	\$1,072,668	\$1,080,547
Temporarily Restricted - Purpose		
Future periods/United Way	217,195	211,195
Recruitment and retention	378,600	246,296
Capital facilities	20,000	40,000
30 Days to Family	25,000	-
Goddard Institute	128,538	125,000
Total Temporarily Restricted	769,333	622,491
Permanently Restricted		
Endowment fund	375,000	375,000
Total Net Assets	\$2,217,001	\$2,078,038

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

	2013	2012
Future periods/United Way	\$211,195	\$211,195
Recruitment and retention	429,000	578,335
Capital facilities	20,000	20,000
30 Days to Family	-	45,833
Goddard Institute	49,011	-
	\$709,206	\$855,363

G. **ENDOWMENT**

The endowment consists of one individual donor-restricted fund established to create and maintain the Carleen Goddard-Mazur Training Institute. In accordance with U.S. Generally Accepted Accounting Principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment balances are included in cash and investments in the Statements of Financial Position. The permanently restricted endowment balance includes the original value at the date of the gift.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012
(Continued)

G. **ENDOWMENT** (Continued)

The Board of Directors of the Coalition has interpreted the Missouri Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of donor restricted endowments, absent explicit donor stipulations to the contrary, at the greater of the fair value of the original gifts as of the gift date. As a result of this interpretation, the Coalition classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made according to the directive in the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Coalition in a manner consistent with the standard of prudence described by UPMIFA. In accordance with UPMIFA, the Coalition considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic condition, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) other resources of the Coalition, and (7) the Coalition's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies

The Coalition has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve in after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Spending Policy

Endowment spending distributions are designed to stabilize annual spending levels and preserve the real value of the endowment over time. Under the policy, earnings of the Endowment are distributed at a rate set annually by the Finance Committee. The Finance Committee also considers the provisions of UPMIFA in determining the amount to appropriate. The annual spending rate must fall within the range of 3.0% to 8.0% of the five-year average of the Endowment Fund's market value as measured at December 31 of each year. The spending rate is funded from current earnings and, in years when current earnings are insufficient, from previously accumulated earnings of the Endowment Fund. In years in which current and previously accumulated earnings are insufficient to fund the distribution rate established by the Finance Committee, principal may be invaded at the maximum rate of 5% of the five-year average of the Endowment Fund's market value.

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G. **ENDOWMENT** (Continued)

For the year ended December 31, 2013, the Coalition had the following endowment-related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets: December 31, 2012	\$125,000	\$375,000	\$500,000
Net investment return	14,113	38,436	52,549
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(49,011)	-	(49,011)
Transfers	38,436	(38,436)	
Endowment net assets: December 31, 2013	<u>\$128,538</u>	<u>\$375,000</u>	<u>\$503,538</u>

For the year ended December 31, 2012, the Coalition had the following endowment-related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets: December 31, 2011	\$ -	\$ -	\$ -
Contributions	<u>125,000</u>	<u>375,000</u>	<u>500,000</u>
Endowment net assets: December 31, 2012	<u>\$125,000</u>	<u>\$375,000</u>	<u>\$500,000</u>

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H. RETAIL STORE REVENUE

The Coalition operates two resale stores that sell donated clothing. Retail store revenue is reported net of discounts. Income and expenses for the resale stores were the following for the years ended December 31:

	2013	2012
Sales	\$ 70,108	\$ 70,899
Clothing donations	89,523	92,361
Cost of sales	(81,268)	(153,552)
Gross profit	78,363	9,708
Operating expenses	(117,890)	(118,627)
Net retail store revenue	<u>(\$ 39,527)</u>	<u>(\$108,919)</u>

I. LEASE COMMITMENTS

The Coalition 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, 2013 and 2012.

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 rent in the amount of \$62,166 and \$86,994 at December 31, 2013 and 2012, 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>
2014	\$142,736
2015	146,723
2016	<u>74,373</u>
	<u>\$363,832</u>

Rent expense for the years ended December 31, 2013 and 2012 was \$121,661 and \$115,822, respectively.