

FRANKLIN COUNTY CHILDREN AND FAMILIES
COMMUNITY RESOURCE BOARD

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012

UNNERSTALL

and

UNNERSTALL

Certified Public Accountants, P.C.

FRANKLIN COUNTY CHILDREN AND FAMILIES
COMMUNITY RESOURCE BOARD

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Tim A. Unnerstall, C.P.A.
Steven G. Unnerstall, C.P.A.

18 West Second Street
Washington, MO 63090-2531

UNNERSTALL
— and —
UNNERSTALL
Certified Public Accountants, P.C.

Phone: 636-239-6439
Fax : 636-239-1052
info@unncpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Franklin County Children and Families
Community Resource Board
Union, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County Children and Families Community Resource Board, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express opinions 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. 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County Children and Families Community Resource Board, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 22-23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Unnerstall and Unnerstall

Unnerstall and Unnerstall
Certified Public Accountants, P.C.

November 21, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Franklin County Children and Families Community Resource Board

Management's Discussion and Analysis

December 31, 2012

As management of the Franklin County Children and Families Community Resource Board (FCCRB), we offer this narrative overview and analysis of the financial activities of the FCCRB for the calendar year ended December 31, 2012.

The Putting Kids First: Children's Services Fund for Franklin County was established through a voter established $\frac{1}{4}$ of a cent sales tax in November of 2008. In 2012, contracts for on-going services were awarded to 13 non-profit agencies for 26 programs for the children and youth of Franklin County. In addition 1 program was added through a new agency due to special funding to maintain a successful pilot program that was begun under 2011 one-time funding.

Financial Highlights

- The $\frac{1}{4}$ cent sales tax in Franklin County for the Putting Kids First: Children's Services Fund produced \$2,560,934 for fiscal year ending December 31, 2012.
- The total cost of the programs contracted through the FCCRB for the fiscal year ending December 31, 2012 was \$2,537,824.
- The FCCRB kept its administration and operations budget to 3.09%
- Due to overall fiscal standing, the FCCRB was able to provide 15 organizations with \$91,478 in one time funding for much needed capital expenditures, one-time projects, and to spur innovation in children's services by funding pilot programs
- The FCCRB was also able to assist in emergency funding to provide much needed counselors and therapist through Crider Health Center to the St. Clair School District after a cluster of suicides among youth in their high school.

Overview of Financial Statements

This discussion is intended to serve as an introduction to the basic financial statements of the FCCRB. The FCCRB's basic financial statements are comprised of three integral components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. Each of these components is discussed in further detail in the following paragraphs. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the FCCRB's finances in a manner similar to a private-sector business. The government-wide statements include all assets and liabilities and use the accrual basis of accounting, which provides for recording revenues when earned and recording expenses when a liability is incurred, regardless of the timing of related cash flows. The government-wide financial statements include the *Government Activities* statement and the *Statement of Activities*.

The *Government Activities* statement is used to report all that the FCCRB owns (assets) and owes (liabilities). The FCCRB's assets include resources such as cash and receivables, as well as capital assets such as office equipment. The FCCRB's liabilities can include vendor payables, contract for services payables, and obligations incurred in connection with the operation of the FCCRB (such as salaries payable). The difference between assets and liabilities is reported as net assets.

The *Statement of Activities* presents information showing how the Council's net assets changed during the most recent fiscal year. As this is the first year of the Children's Services Fund, there is no comparison available and this should be seen as the baseline for future years.

These two statements report the FCCRB's net assets and changes in them. FCCRB's net assets are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors, such as changes in the FCCRB's sales tax base, should be used to assess the overall health of the FCCRB.

Fund Financial Statements

The fund financial statements provide detailed information about the single major fund, which is a government fund. All of the FCCRB's services are reported in a governmental fund, which focuses on how money flows into and out of that fund and the balances left at year-end. Governmental funds are reported using modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the FCCRB's general government operations and the basic services it provides.

The FCCRB's Fund Financial Statements include *Governmental Fund Balance Sheet and Reconciliation of the Balance Sheet* and the *Statement of Revenues, Expenditures, and Changes in Fund Balance and Reconciliation*.

The *Governmental Fund Balance Sheet* reports only the financial assets associated with governmental activities. Governmental funds do not report capital assets, such as equipment, because such assets will be used in operations rather than converted to cash and therefore are not spendable. Liabilities are also recognized in governmental funds only to the extent that they are expected to affect a government's near-term financing needs. The difference between assets and liabilities reported in a governmental fund is known as a *fund balance*.

The *Statement of Revenues, Expenditures, and Changes in Fund* is used to report all transactions, events, and inter-fund activity that increase or decrease fund balances.

Because the focus of governmental funds is narrower than that of the government-wide financial statements. Both the governmental fund *Balance Sheet* and the *Statement of Revenues, Expenditures, and Changes in Fund* provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

Notes to Financial Statements

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Analysis of Government-wide Financial Statements

Fiscal year 2012 showed a growth in assets. This can be attributed to receiving more sales tax revenue into the Putting Kids First: Children's Services Fund than was projected and an under-utilization of allocated program contracts for services. This resulted in a 7.5% increase in the assets of the FCCRB. Nearly all of the net assets of the FCCRB at year end are unrestricted. Liabilities of the FCCRB at year end totaled \$218,007 and were primarily comprised of regular service contracts that are paid on a reimbursement basis the month after expenditures occur.

TABLE 1
Net Assets

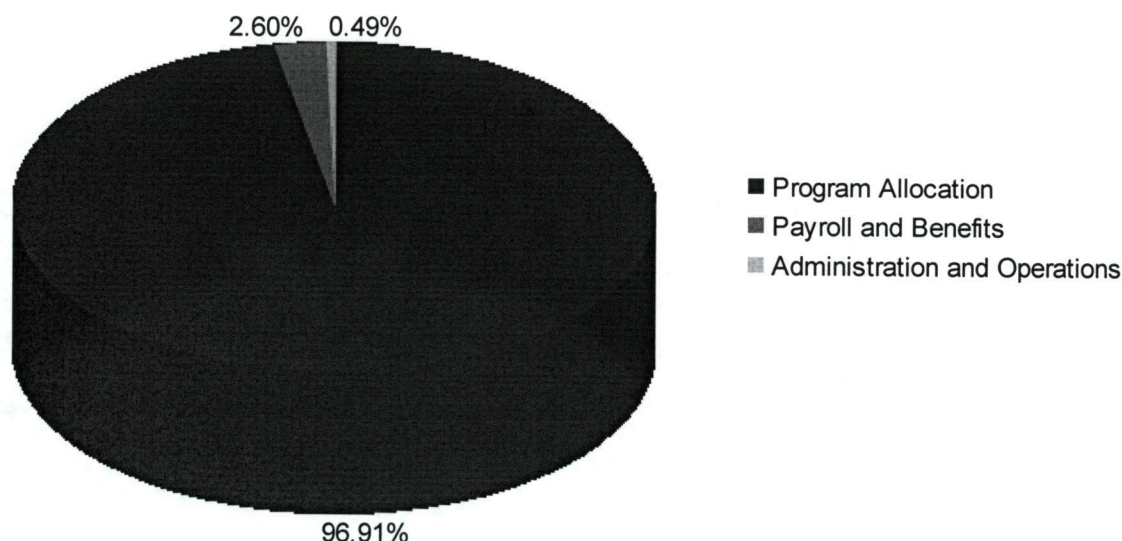
ASSETS:	2012	2011
Current and Other Assets	\$2,250,699	\$2,082,268
Capital Assets	\$989	\$1,336
Total Assets	<u>\$2,251,688</u>	<u>\$2,083,604</u>
 LIABILITIES		
Accrued Liabilities	\$2,234	\$1,857
Agency Allocations Payable	\$215,773	
Total Liabilities	<u>\$218,007</u>	<u>\$1,857</u>
 NET POSITION		
Net Investment in Capital Assets	\$989	\$1,336
Unrestricted	\$2,032,692	\$2,080,411
Total Net Position	<u>\$2,033,681</u>	<u>\$2,081,747</u>

TABLE 2
Changes in Net Assets

REVENUES	2012	2011
Sales Tax	\$2,560,934	\$2,594,318
Investment Revenue	\$7,307	\$8,526
Misc. Revenue	\$2,312	---
Total Assets	<u>\$2,570,553</u>	<u>\$2,602,844</u>
 PROGRAM EXPENSES		
Program Allocation	\$2,537,824	\$2,265,274
Payroll and Benefits	\$68,084	\$66,584
Administration and Operations	\$12,711	\$8,038
Total Expenses	<u>\$2,618,619</u>	<u>\$2,339,896</u>
 NET POSITION		
Increase (decrease) in net assets	<u>-\$48,066</u>	<u>\$262,984</u>
Net assets, beginning of the year	<u>\$2,081,747</u>	<u>\$1,818,799</u>
Net assets, end of the year	<u>\$2,033,681</u>	<u>\$2,081,747</u>

The FCCRB works diligently to keep administrative expenses to a minimum. Our goal is to always keep administrative overhead to 5% or less. In fiscal year 2012, the administrative overhead was 3.09%. This was achieved by not maintaining a physical location, making use of open sourced software when available, and many other cost saving measures.

2012 Expenses



Financial Analysis of the Government Fund

The focus on the FCCRB's governmental fund is to show the near term in flow of revenues, out flow of expenditures, and balances of spendable resources. The fund balance that is unreserved, which in the FCCRB's case is nearly all of it, serves as a useful measure of net resources available for spending at the end of the fiscal year. At year end, December 31, 2012, the FCCRB reported a fund balance of \$2,033,681 of which almost all is available for spending at the discretion of the FCCRB. This fund balance compares to \$ 2,081,747 at the fiscal year end of December 31, 2011.

Sales tax revenues totaled \$2,560,934 for the fiscal year ending December 31, 2012, which is a decrease of \$33,384 (1.3%) under the \$ 2,594,318 in the prior fiscal year. Total expenditures were \$2,618,619 for the fiscal year ending December 31, 2012, which was an increase of \$278,723 (10.6%) over the \$ 2,339,896 for the prior fiscal year. This is due to a \$272,550 increase in contract allocations, along with the increase of \$6,173 in administrative overhead.

The FCCRB allows for budget transfers throughout the year allocating items from one line item to another to prevent budget overruns. The final variance between actual expenditures and the final budget was \$62,483 below the final budget amount. One of the significant variances was under expenditure of contracted service allocations in the amount of \$20,931 due to contracted programs not expending allotted funds. There were also significant differences in the amount allocated for administration and payroll and what was actually spent, totaling \$41,552. Total revenues were \$25,099 more than what was projected. This was due to sales tax revenues being higher than projected and for the fact that the FCCRB did not put interest revenue into the projected revenues for the year.

Current and Future Outlook

The FCCRB Finance Committee, with the assistance of the Executive Director, continues to do a great job with projecting the sales tax revenue, which has allowed the FCCRB to budget wisely, without shortfalls. In fiscal year 2012 revenues received were 1% over what was projected. For the third year in a row the FCCRB was able to release one-time funding contracts to area agencies. In addition, the FCCRB continued to keep administrative expenses low. When the Putting Kids First initiative was passed in 2008, the campaign had promised to keep the administration to 5%. In 2012 administration accounted for 3.09% of the total expenditures.

Looking forward to 2013, the FCCRB is predicting that sales tax revenues will increase by a modest 1% over the average of the last two years. This allows for an allocation of \$2.5 million in regular service contracts.

Request for Information

This financial report is designed to provide a general overview of the Council's finances for all who have an interest in this agency and to show the FCCRB's accountability for the funds it receives. If you have any questions about this report or need additional information, contact the FCCRB's Executive Director, Annie Schulte, at PO Box 126, Union, MO 63084 by mail, FCCRBBoard@gmail.com by e-mail, 636-234-7133 by phone, or visit our website at www.FranklinCountyKids.org.

FINANCIAL STATEMENTS

FRANKLIN COUNTY CHILDREN AND FAMILIES
COMMUNITY RESOURCE BOARD
STATEMENT OF NET POSITION
DECEMBER 31, 2012

GOVERNMENTAL ACTIVITIES

ASSETS

Cash and Cash Equivalents	\$ 2,050,153
Sales Tax Recievable	200,546
Capital Assets	
Office Equipment, Net of Depreciation	989
Total Assets	<u>2,251,688</u>

LIABILITIES

Accrued Liabilities	2,234
Agency Allocations Payable	<u>215,773</u>
Total Liabilities	<u>218,007</u>

NET POSITION

Net Investment in Capital Assets	989
Unrestricted	<u>2,032,692</u>
Total Net Position	<u><u>\$ 2,033,681</u></u>

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY CHILDREN AND FAMILIES
COMMUNITY RESOURCE BOARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM SERVICES		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Grants and Contributions	
Governmental Activities				
Program Support Allocations	\$ (2,537,824)	\$ -	-	\$ (2,537,824)
Payroll and Benefits	(68,084)	-	-	(68,084)
Contract Services	-	-	-	-
Operational	(2,740)	-	-	(2,740)
Administrative and Other	(9,624)	-	-	(9,624)
Depreciation	(347)	-	-	(347)
Total Governmental Activities	<u>\$ (2,618,619)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,618,619)</u>
GENERAL REVENUES				
Sales Taxes				2,560,934
Earnings on Investments				7,307
Other				2,312
Total General Revenues				<u>2,570,553</u>
CHANGE IN NET POSITION				(48,066)
NET POSITION, BEGINNING OF YEAR				<u>2,081,747</u>
NET POSITION, END OF YEAR				<u>\$ 2,033,681</u>

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY CHILDREN AND FAMILIES
COMMUNITY RESOURCE BOARD
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2012

GENERAL

ASSETS

Cash and Cash Equivalents	\$ 2,050,153
Sales Tax Receivable	<u>200,546</u>
Total Assets	<u>\$ 2,250,699</u>

LIABILITIES

Accrued Liabilities	\$ 2,234
Agency Allocations Payable	<u>215,773</u>
Total Liabilities	<u>218,007</u>

FUND BALANCES

Unassigned	<u>2,032,692</u>
Total Fund Balances	<u>2,032,692</u>
Total Liabilities and Fund Balances	<u>\$ 2,250,699</u>

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY CHILDREN AND FAMILIES
COMMUNITY RESOURCE BOARD
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2012

Fund Balances of Governmental Funds	\$ 2,032,692
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Amounts reported for governmental activities
in the statement of net position are
different because:

Capital assets used in governmental
activities are not financial resources and,
therefore, are not reported in the
governmental funds:

Governmental Capital Assets	2,050
Less Accumulated Depreciation	<u>(1,061)</u>
Capital Assets, Net of Depreciation	<u>989</u>

Net Position of Governmental Activities	<u><u>\$ 2,033,681</u></u>
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The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY CHILDREN AND FAMILIES
COMMUNITY RESOURCE BOARD
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2012

GENERAL

REVENUES

Sales Taxes	\$ 2,560,934
Earnings on Investments	7,307
Other Income	2,312
Total Revenues	<u>2,570,553</u>

EXPENDITURES

Program Support Allocations	2,537,824
Payroll and Benefits	68,084
Contract Services	-
Operational	2,740
Administrative and Other	9,624
Capital Outlay	-
Total Expenditures	<u>2,618,272</u>

REVENUES OVER (UNDER) EXPENDITURES	<u>(47,719)</u>
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OTHER FINANCING SOURCES (USES)

None	-
Total Other Financing Sources	<u>-</u>

NET CHANGES IN FUND BALANCES	(47,719)
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FUND BALANCES, BEGINNING OF YEAR	<u>2,080,411</u>
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FUND BALANCES, END OF YEAR	<u><u>\$ 2,032,692</u></u>
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The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY CHILDREN AND FAMILIES
COMMUNITY RESOURCE BOARD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Net Change in Fund Balance, Governmental Funds \$ (47,719)

Amounts reported for governmental activities
in the statement of activities are
different because:

Capital outlays are reported in the
governmental funds as expenditures. However,
in the statement of activities, the cost of
those assets is allocate over their estimated
useful lives and reportes as depreciation
expense.

Additions to Capital Assets	-
Depreciation	(347)
Capital Assets, Net of Depreciation	<u>(347)</u>

Change in Net Position of Governmental Activities	<u>\$ (48,066)</u>
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The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY CHILDREN AND FAMILIES
COMMUNITY RESOURCE BOARD
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Franklin County Children and Families Community Resource Board (the FCCRB) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are significant accounting policies of the FCCRB.

Reporting Entity

The FCCRB was established under the authority of Missouri State statutes and considered to be a component unit of Franklin County, Missouri, and is governed by a board of a minimum of nine members who are appointed by the Franklin County Commissioners. The FCCRB is the administrator for the Putting Kids First: Community Children's Service Fund, a fund created when Franklin County passed a 1/4-cent sales tax measure in November, 2008. The funds are dedicated for services to Franklin County children and youth, and will be awarded to local agencies to provide services that address the growing unmet mental health needs of our community youth.

Government-wide and Fund Financial Statements

The FCCRB Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental Activities for the FCCRB. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the FCCRB's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the FCCRB are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Separate fund financial statements report information on FCCRB's governmental funds. The emphasis of these fund financial statements is on major governmental activities. The FCCRB reports all of its funds in the General Fund, and this fund accounts for all financial resources of the FCCRB.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the FCCRB considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

Missouri state statutes authorize the FCCRB to invest in obligations or guaranteed obligations of the United States and its agencies, obligations of the State of Missouri and its agencies, certificates of deposit and repurchase agreements.

Capital Assets

Capital assets are defined by the FCCRB as assets with an initial individual cost of \$100 or more and an estimated life in excess of one year. Capital assets (excluding land) include property, plant, and equipment, and intangible assets and are reported in the applicable governmental or column of the government-wide financial statements. All land purchases are capitalized regardless of cost. Donated fixed assets are valued at their estimated fair market value on the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives are not capitalized.

Property, plant, and equipment are depreciated using the straight-line method over the following lives:

	<u>Years</u>
Office Furniture and Equipment	5-7

Fund Balance Classifications

GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

Fund Balance Classifications - Continued

The FCCRB Board of Directors establishes fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes). The FCCRB has no restriction or assignments of fund balance.

Compensated Absences

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

Subsequent Event

Management has evaluated subsequent events through November 14, 2013, the date which the financial statements were available for issue.

2. **CASH AND INVESTMENTS**

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the FCCRB's deposits may not be returned or the FCCRB will not be able to recover collateral securities in the possession of an outside party. The FCCRB's bank deposits are required by state law to be secured by the deposit of certain securities specified by RSMo 30.270 with the FCCRB or trustee institutions. The value of the securities must amount to the total of the FCCRB's cash not insured by the Federal Deposit Insurance Corporation (FDIC).

As of December 31, 2012, the FCCRB's bank balances were entirely secured or collateralized with securities held by the FCCRB's bank, or its agent.

Investments

As of December 31, 2012, the FCCRB held funds in money market funds, which have no maturity and are not rated. The FCCRB did not invest funds in any other type of account. Balances in these money market funds are insured by FDIC.

2. **CASH AND INVESTMENTS** - continued

Investments Policies

Credit risk is the risk that, in the event of the failure of the counterparty, the FCCRB will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2012, FCCRB's investments were not exposed to custodial credit risk.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. FCCRB limits its exposure to this risk by placing operating funds in investments with short-term maturities.

3. **RISK MANAGEMENT**

FCCRB is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or otherwise unforeseen acts.

The FCCRB is a member of the Missouri Public Entity Risk Management Fund (MOPERM), which is a public entity risk pool for general liability and officials' errors and omissions. The FCCRB's insurance coverage with MOPERM for each category of risk is in the amount of \$2 million per occurrence. The FCCRB pays an annual contribution to MOPERM for its insurance coverage. Should the contributions received not produce sufficient funds to meet obligations, MOPERM is empowered to make special assessments. Members of MOPERM are jointly and severally liable for all claims against MOPERM. Settled claims have not exceeded the FCCRB's commercial coverages.

4. **CAPITAL ASSETS**

Capital Asset activity for the year ended December 31, 2012 is as follows:

	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Office Equipment	\$ 2,050	\$ -	\$ -	\$ 2,050
Accumulated Depreciation	(714)	(347)	-	\$ (1,061)
Total Capital Assets	\$ 1,336	\$ (347)	\$ -	\$ 989

Depreciation charged to the general government amounted to \$347.

5. **SIGNIFICANT CONCENTRATIONS**

Nearly 100% of the FCCRB's revenue is received from a 1/4-cent sales tax collected on eligible sales in Franklin County. Any change in State statute or County Commission Orders that would reduce or eliminate this sales tax would have a materially adverse effect on the FCCRB's ability to carry out its mission.

6. **CONTRACTED SERVICES AND AGENCY ALLOCATIONS**

The FCCRB contracts services with various service providers in its geographic area to build and sustain a comprehensive mental health system of care for children and families in Franklin County. Amounts paid to these service providers during the year ended December 31, 2012 were as follows:

<u>AGENCY NAME</u>	<u>Allocation</u>
Crider Health Center	\$ 935,843
Preferred Family Healthcare	638,824
Catholic Family Services	383,379
Lutheran Family & Children Services	95,524
Franklin County CASA	88,835
Sisters of Grace of Franklin County	83,882
NCADA	83,656
Children's Advocacy Center	59,718
ALIVE	53,096
Portals - Buddies not Bullies	39,074
Missouri Department of Mental Health	29,848
Foundations for Franklin County	15,448
NAMI - St Louis	9,201
Character PLUS	8,760
F.A.C.T.	6,266
Washington PAT	4,422
Community Funds	2,048
Agency Allocations	<u>\$ 2,537,824</u>

7. **INCOME TAXES**

The FCCRB qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and applicable state law, therefore, has no provision for federal income taxes.

The FCCRB is required to file forms 990 annually with the Internal Revenue Service. The Organization is generally no longer subject to examination by the Internal Revenue Service for fiscal years before 2009.

8. **FAIR VALUE MEASUREMENTS**

The FCCRB does not have any financial assets which are required to be measured at fair value on a recurring basis. The carrying amounts of assets and liabilities approximate fair value due to their short maturity.

REQUIRED SUPPLEMENTAL INFORMATION

FRANKLIN COUNTY CHILDREN AND FAMILIES
COMMUNITY RESOURCE BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	OVER/ (UNDER) VARIANCE
<u>REVENUES</u>				
Sales Taxes	\$ 2,545,454	\$ 2,545,454	\$ 2,560,934	\$ 15,480
Earnings on Investments	-	-	7,307	7,307
Other Income	-	-	2,312.00	2,312
Total Revenues	<u>2,545,454</u>	<u>2,545,454</u>	<u>2,570,553</u>	<u>25,099</u>
<u>EXPENDITURES</u>				
Program Support Allocations	2,357,680	2,558,755	2,537,824	(20,931)
Payroll and Benefits	87,100	87,100	68,084	(19,016)
Contract Services	-	-	-	-
Operational	6,500	6,500	2,740	(3,760)
Administrative and Other	27,400	27,400	9,624	(17,776)
Capital Outlay	1,000	1,000	-	(1,000)
Total Expenditures	<u>2,479,680</u>	<u>2,680,755</u>	<u>2,618,272</u>	<u>(62,483)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>65,774</u>	<u>(135,301)</u>	<u>(47,719)</u>	<u>87,582</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
None	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ 65,774</u>	<u>\$ (135,301)</u>	<u>(47,719)</u>	<u>\$ 87,582</u>
FUND BALANCES, BEGINNING OF YEAR			<u>2,080,411</u>	
FUND BALANCES, END OF YEAR			<u>\$ 2,032,692</u>	

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY CHILDREN AND FAMILIES
COMMUNITY RESOURCE BOARD
NOTES TO THE BUDGETARY COMPARISON SCHEDULE

Budgets and Budgetary Accounting

The FCCRB follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Missouri state statute, the FCCRB adopts a budget each year. FCCRB policies separates the entire budget into two sections, agency allocations and administrative costs.
2. Prior to December, the Executive Director, who serves as the budget officer, submits to the Board of Directors a proposed budget for the fiscal year beginning on the following January 1. The proposed budget includes estimated revenues and proposed expenditures for all FCCRB funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. Prior to January 1, the budget is legally enacted by a vote of the Board of Directors. On October 17, 2011, the 2012 budget was legally enacted by a vote of the Board of Directors.
4. Subsequent to its formal approval of the budget, the Board of Directors has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.
5. The budget is prepared on the cash basis of accounting.