

**2-1-1 BREVARD, INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

**2-1-1 BREVARD, INC.
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YEAR ENDED JUNE 30, 2010**

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
2-1-1 Brevard, Inc.

We have audited the accompanying statement of financial position of 2-1-1 Brevard, Inc. (a nonprofit organization), as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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. 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 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 that 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 2-1-1 Brevard, Inc. as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of state earnings and cost center actual expenses and revenues on pages 11-12 are presented for purposes of additional analysis and are 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.

Janes, Key & Dinho, P.A.
Janes, Key & Dinho, P.A.
Certified Public Accountants
October 26, 2010

2-1-1 BREVARD, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010

ASSETS

CURRENT ASSETS

Cash	\$ 423,731
Grants and contracts receivable	52,317
Unconditional promises to give	185,028
Prepaid expenses	<u>10,722</u>

TOTAL CURRENT ASSETS 671,798

PROPERTY AND EQUIPMENT, net of accumulated
depreciation of \$47,599 90,047

OTHER ASSETS

Deposits	<u>880</u>
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TOTAL ASSETS \$ 762,725

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of capital lease	\$ 1,198
Accounts payable	21,798
Accrued expenses	<u>12,145</u>

TOTAL CURRENT LIABILITIES 35,141

LONG TERM LIABILITIES

Capital lease, net of current portion	<u>5,613</u>
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TOTAL LIABILITIES 40,754

NET ASSETS

Unrestricted	
Undesignated	386,943
Designated	<u>150,000</u>
Total unrestricted	536,943
Temporarily restricted	<u>185,028</u>

TOTAL NET ASSETS 721,971

TOTAL LIABILITIES AND NET ASSETS \$ 762,725

The accompanying notes are an integral part of these financial statements.

2-1-1 BREVARD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
PUBLIC SUPPORT AND REVENUES			
Contributions	\$ 30,540	\$ -	\$ 30,540
Federal grants	63,840	-	63,840
State grants	278,364	-	278,364
Local/other grants and contracts	119,470	-	119,470
United Way allocations	947	185,028	185,975
Program income	21,928	-	21,928
Interest income	2,077	-	2,077
Special event	8,924	-	8,924
Other revenue	2,065	-	2,065
Gain on sale of assets	705	-	705
Net assets released from restrictions:			
Satisfaction of time restrictions	178,682	(178,682)	-
TOTAL SUPPORT AND REVENUE	<u>707,542</u>	<u>6,346</u>	<u>713,888</u>
EXPENSES			
Program services			
Helpline and prevention	540,987	-	540,987
Homeless management information system	85,217	-	85,217
Supporting services			
Management and general	39,589	-	39,589
Fundraising	5,770	-	5,770
TOTAL EXPENSES AND LOSSES	<u>671,563</u>	<u>-</u>	<u>671,563</u>
CHANGE IN NET ASSETS	35,979	6,346	42,325
NET ASSETS, BEGINNING OF YEAR	<u>500,964</u>	<u>178,682</u>	<u>679,646</u>
NET ASSETS, END OF YEAR	<u>\$ 536,943</u>	<u>\$ 185,028</u>	<u>\$ 721,971</u>

The accompanying notes are an integral part of these financial statements.

2-1-1 BREVARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2010

	Program Services			Support Services			Total
	Helpline and Prevention	Homeless Management Information System	Total Program Services	Management and General	Fundraising	Total Support Services	
EXPENSES							
Advertising	\$ 6,187	\$ -	\$ 6,187	\$ -	\$ -	\$ -	\$ 6,187
Conferences and training	6,443	803	7,246	235	-	235	7,481
Dues and fees	-	-	-	1,649	-	1,649	1,649
Fundraising expense	-	-	-	-	5,698	5,698	5,698
Insurance	2,690	909	3,599	189	-	189	3,788
Interest and finance charges	584	197	781	41	-	41	822
Occupancy	27,758	9,383	37,142	1,955	-	1,955	39,096
Office supplies and expense	10,070	3,404	13,474	709	72	781	14,255
Personnel costs	420,842	52,428	473,270	15,342	-	15,342	488,613
Postage and shipping	723	245	968	51	-	51	1,019
Printing and publications	2,817	952	3,769	198	-	198	3,967
Professional fees	1,498	433	1,931	15,579	-	15,579	17,510
Repairs and maintenance	24	8	32	2	-	2	34
Technology expense	25,863	8,742	34,605	1,821	-	1,821	36,426
Telephone	19,554	2,436	21,990	713	-	713	22,703
Travel	509	63	572	19	-	19	591
TOTAL EXPENSES BEFORE DEPRECIATION	525,563	80,003	605,566	38,503	5,770	44,273	649,839
Depreciation	15,424	5,214	20,638	1,086	-	1,086	21,724
TOTAL FUNCTIONAL EXPENSES	\$ 540,987	\$ 85,217	\$ 626,204	\$ 39,589	\$ 5,770	\$ 45,359	\$ 671,563

The accompanying notes are an integral part of these financial statements.

2-1-1 BREVARD, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 42,325
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:	
Depreciation	21,724
Gain on disposal of assets	(705)
(Increase) decrease in assets:	
Grants receivable	5,577
Promises to give	(6,346)
Prepaid expenses	(838)
Increase (decrease) in liabilities:	
Accounts payable	(4,744)
Accrued expenses	<u>2,142</u>
CASH PROVIDED (USED) BY OPERATIONS	59,135
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of fixed assets	705
Purchase of fixed assets	<u>(5,379)</u>
CASH PROVIDED (USED) BY INVESTING	(4,674)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on capital leases	<u>(1,667)</u>
CASH PROVIDED (USED) BY FINANCING	(1,667)
NET CHANGE IN CASH	52,794
CASH, BEGINNING OF YEAR	<u>370,937</u>
CASH, END OF YEAR	<u><u>\$ 423,731</u></u>
Interest paid	<u><u>\$ 822</u></u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:	
Acquire office equipment with capital lease	<u><u>\$ 7,154</u></u>

The accompanying notes are an integral part of these financial statements.

2-1-1 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

2-1-1 Brevard, Inc. (Organization) operates the Brevard County, Florida 2-1-1 information and referral and crisis intervention telephone service. The Organization also administers a system to coordinate client intake for homeless persons in the Brevard County area and to track the services provided to them. It is supported primarily through allocations from United Way, governmental grants and contributions from individuals and businesses.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. There were no permanently restricted net assets as of June 30, 2010.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization held no cash equivalents as of June 30, 2010.

Grants Receivable

No allowance has been recorded for uncollectible grants receivable, as management believes they are fully collectible.

Promises to Give

The Organization believes all unconditional promises receivable are collectible; therefore, no allowance for uncollectible unconditional promises is required. The need for an allowance is based on prior years' experience and management's analysis of specific promises made.

2-1-1 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment and Depreciation

The Organization capitalizes all expenditures for equipment with a value in excess of \$500 and a useful life greater than one year. Lesser amounts or purchases with a useful life of less than a year are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the assets' expected useful lives.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

Contributed Services

During the year ended June 30, 2010, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed when incurred. For the year ended June 30, 2010, advertising expense totaled approximately \$6,200.

2-1-1 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Tax Status

The Organization is exempt from income tax under Section 501(c) (3) of the U.S. Internal Revenue Code, and has been determined to be an organization that is not a private foundation. Contributions to the Organization are qualified as deductions for charitable contributions.

The Organization uses the FASB ASC 450-10, Loss Contingencies, approach for evaluation of uncertain tax positions. Tax years ended June 30, 2007, 2008, and 2009 remain open for audit.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 26, 2010, the date the financial statements were available to be issued.

NOTE 2 - PROMISES TO GIVE

Promises to give of \$185,028, all of which is receivable in less than one year, consist of allocations and designations from United Way. The Organization originally executed a three-year contract providing promises to give a level amount of funds for the years from 2010 to 2013. Effective October 28, 2010, that contract was revised to change the arrangements for the second and third years of that period to an "intent to give", instead of a "promise to give". Therefore, no amounts have been accrued in the accompanying financial statements for United Way funding beyond the fiscal year ending June 30, 2011.

NOTE 3 - PROPERTY AND EQUIPMENT

At June 30, 2010, property and equipment consisted of the following:

	Cost	Accumulated Depreciation	Net Book Value	Estimated Life
Furniture and equipment	\$ 63,856	\$ 24,283	\$ 39,573	3-7 years
Equipment under capital lease	6,895	115	6,780	5 years
Leasehold improvements	62,295	19,751	42,544	5 years
Computer software	4,600	3,450	1,150	5 years
Total	<u>\$ 137,646</u>	<u>\$ 47,599</u>	<u>\$ 90,047</u>	

2-1-1 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – OPERATING LEASES

The Organization leases a facility to house its operations. The lease began in December 2008 and has a term of five-years ending in November 2013. The lease includes an option to renew for two successive periods of five years each beyond that date. Monthly rent consists of base rent plus additional operating costs, including property assessments, maintenance, management fees, and insurance. Base rent increases annually at the rate of 2.5% annually and additional operating costs are adjusted annually based on actual costs. The Organization is responsible for utilities, liability insurance and insurance on fixtures inside the unit. Rent expense for fiscal year ended June 30, 2010 totaled \$29,264.

Minimum future rental payments under non-cancelable operating leases are:

Year ending June 30,	2011	\$	29,759
	2012		30,383
	2013		31,022
	2014		13,038
			<u>\$ 104,202</u>

NOTE 5 – CAPITAL LEASE

The Organization is the lessee of office equipment under a capital lease expiring in April 2015. The asset and liability under the capital lease are recorded at the lower of the present value of the future minimum lease payments or the fair value of the asset.

Minimum future lease payments under the capital lease as of June 30 are:

Year ending June 30,	2011	\$	1,485
	2012		1,620
	2013		1,620
	2014		1,620
	2015		1,317
			<u>7,662</u>
	Less amount representing interest		<u>(851)</u>
	Total		<u>\$ 6,811</u>

NOTE 6 – RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

Temporarily restricted net assets at June 30, 2010 consist of \$185,028 of funds allocated by United Way for the next fiscal year.

Unrestricted funds in the amount of \$150,000 have been designated by the Board of Directors as an operational reserve.

2-1-1 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7 – RETIREMENT PLAN

Any full-time employee of the Organization who is at least age 21 and who has been employed for one year with the Organization is eligible to participate in the Simplified Employee Pension plan (SEP). Pension costs are comprised of current service costs, which are accrued and funded on a current basis in an amount equal to three percent of eligible employees' compensation. During the year ended June 30, 2010, twelve employees participated in the plan. The cost to the Organization was \$5,364.

The Organization also sponsors a noncontributory 403(b) retirement plan to which all employees may make voluntary contributions. During the year ended June 30, 2010, three employees participated in the plan.

Both plans were terminated in June 2010.

NOTE 8 – CONCENTRATION OF CREDIT RISK

There is a concentration of credit risk with respect to grants receivable because a significant amount of these receivables are from the following sources: seventy-eight percent of receivables consisted of a promise to give from United Way and twelve percent of receivables were from Florida Department of Children and Families.

Concentrations of risk exist in the volume of support and revenues the Organization receives from four sources: twenty-six percent of support and revenues for fiscal 2010 consisted of allocations and designations from United Way, ten percent was from Brevard County, Florida, thirty-six percent was from Department of Children and Families, and nine percent was received from the U.S. Department of Housing and Urban Development.

SUPPLEMENTARY INFORMATION

**2-1-1 BREVARD, INC.
SCHEDULE OF STATE EARNINGS
YEAR ENDED JUNE 30, 2010**

Department of Children and Families:

Total expenditures	\$	671,563
Less other state and federal funds		205,766
Less non-match SAMH funds		36,524
Less unallowable costs per 65E-14, F.A.C.		<u>136,761</u>
Total allowable expenditures		<u>292,512</u>
Maximum Available Earnings		<u>219,384</u>
Amount of State Funds Requiring Match		<u>219,384</u>
Amount due to Department	<u>\$</u>	<u>-</u>

NOTE: No other government funding was received related to Adult or Children's Mental Health during the fiscal year ended June 30, 2010

NOTE: There were no related party transactions related to the state funding above during the fiscal year ended June 30, 2010

NOTE: Matching funds requirement noted above was satisfied.

2-1-1 BREVARD, INC.
COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Adult Mental Health Services Recovery and Resiliency</u>	<u>Children's Mental Health Services Recovery and Resiliency</u>
FUNDING SOURCES AND REVENUES		
State SAMH funding	\$ 219,384	\$ 36,524
Other government funding	-	-
TOTAL FUNDING	<u>\$ 219,384</u>	<u>\$ 36,524</u>
EXPENSE CATEGORIES		
PERSONNEL SERVICES		
Salaries	\$ 174,263	\$ 29,012
Fringe benefits	45,121	7,512
TOTAL PERSONNEL	<u>219,384</u>	<u>36,524</u>
OTHER EXPENSES		
Building occupancy	-	-
Professional services	-	-
Travel	-	-
Equipment	-	-
Food services	-	-
Medical and pharmacy	-	-
Subcontracted services	-	-
Insurance	-	-
Interest paid	-	-
Operating supplies and expenses	-	-
Other	-	-
Donated items	-	-
TOTAL OTHER EXPENSES	<u>-</u>	<u>-</u>
TOTAL PERSONNEL AND OTHER EXPENSES	<u>219,384</u>	<u>36,524</u>
INDIRECT EXPENSES		
Other support costs	-	-
Administration	-	-
TOTAL INDIRECT EXPENSES	<u>-</u>	<u>-</u>
TOTAL ALL EXPENSES	<u>\$ 219,384</u>	<u>\$ 36,524</u>