

**THE PARENT-CHILD HOME PROGRAM, INC.**

***REPORT ON AUDIT OF FINANCIAL STATEMENTS***

***JUNE 30, 2009***

**THE PARENT-CHILD HOME PROGRAM, INC.**

***FINANCIAL STATEMENTS***

***JUNE 30, 2009***

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# Lilling & Company LLP

Certified Public Accountants

## ***INDEPENDENT AUDITOR'S REPORT***

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To the Board of Directors  
The Parent-Child Home Program, Inc.  
Garden City, NY

We have audited the accompanying statement of financial position of The Parent-Child Home Program, Inc. (a non-profit organization) as of June 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of The Parent-Child Home Program, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from The Parent-Child Home Program, Inc.'s 2008 financial statements and, in our report dated October 21, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 The Parent-Child Home Program, Inc. as of June 30, 2009, 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.



***CERTIFIED PUBLIC ACCOUNTANTS***

***October 23, 2009***

**THE PARENT-CHILD HOME PROGRAM, INC.**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2009**

*(With comparative totals for 2008)*

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,121,594	\$ 1,259,994
Prepaid expenses	9,338	8,501
Accounts receivable	21,887	41,099
	<u>1,152,819</u>	<u>1,309,594</u>
Office equipment - net of accumulated depreciation of \$34,703 and \$30,338 respectively	20,921	25,286
Web site development costs - net of accumulated depreciation of \$46,477 and \$42,095 respectively	18,881	11,071
Video creation costs - net of accumulated amortization of \$41,136 and \$40,019 respectively	1,676	2,793
Security deposit	14,642	14,146
	<u>\$ 1,208,939</u>	<u>\$ 1,362,890</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accrued expenses and other liabilities	\$ 39,643	\$ 45,278
Deferred grants-operations	145,000	61,000
	<u>184,643</u>	<u>106,278</u>
<b>Net Assets</b>		
Net assets - unrestricted	<u>1,024,296</u>	<u>1,256,612</u>
	<u>\$ 1,208,939</u>	<u>\$ 1,362,890</u>

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*See notes to financial statements*

**THE PARENT-CHILD HOME PROGRAM, INC.**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2009**

*(With comparative totals for 2008)*

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total 2009</b>	<b>Total 2008</b>
<b>SUPPORT AND REVENUES</b>				
<b>SUPPORT</b>				
Grants - Foundations	\$ 745,477	\$ -	\$ 745,477	\$ 695,860
Donations-United Way	30,146	-	30,146	38,697
Donations-Individuals	77,871	-	77,871	76,805
Donations-Corporations	16,975	-	16,975	47,750
Net assets released from restrictions	-	-	-	-
<b>Total Support</b>	<b>870,469</b>	<b>-</b>	<b>870,469</b>	<b>859,112</b>
<b>REVENUES</b>				
Training fees	103,150	-	103,150	101,500
Replication and materials fees	39,643	-	39,643	55,748
Conference fees	30,943	-	30,943	58,970
Fundraising events	137,100	-	137,100	110,724
Interest income	18,983	-	18,983	46,316
<b>Total Revenues</b>	<b>329,819</b>	<b>-</b>	<b>329,819</b>	<b>373,258</b>
<b>Total Support and Revenues</b>	<b>1,200,288</b>	<b>-</b>	<b>1,200,288</b>	<b>1,232,370</b>
<b>COSTS AND EXPENSES</b>				
Program	1,234,453	-	1,234,453	968,343
General and Administrative	193,739	-	193,739	177,047
Fundraising	4,412	-	4,412	8,165
<b>Total Expenses</b>	<b>1,432,604</b>	<b>-</b>	<b>1,432,604</b>	<b>1,153,555</b>
<b>CHANGE IN NET ASSETS</b>	<b>(232,316)</b>	<b>-</b>	<b>(232,316)</b>	<b>78,815</b>
<b>NET ASSETS - BEGINNING</b>	<b>1,256,612</b>	<b>-</b>	<b>1,256,612</b>	<b>1,177,797</b>
<b>NET ASSETS - END</b>	<b>\$ 1,024,296</b>	<b>\$ -</b>	<b>\$ 1,024,296</b>	<b>\$ 1,256,612</b>

*See notes to financial statements*

THE PARENT-CHILD HOME PROGRAM, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2009

(With comparative totals for 2008)

	Replication	Training	Outreach	Research	Total Program	General and Administrative	Fund Raising	Total 2009	Total 2008
Replication grants	\$ 350,666	\$ -	\$ -	\$ -	\$ 350,666	\$ -	\$ -	\$ 350,666	\$ 204,163
Salaries and pension	223,090	58,285	301,762	74,593	657,730	39,223	-	696,953	573,543
Payroll taxes	17,409	4,561	23,560	5,854	51,384	1,875	-	53,259	32,905
Professional fees	15,395	1,000	67,173	496	84,064	9,454	-	93,518	61,942
Rent	-	-	-	-	-	97,038	-	97,038	86,165
Conference expenses	27,142	-	1,662	-	28,804	-	-	28,804	41,297
Recruiting expenses	-	-	-	-	-	-	-	-	210
Travel	3,820	-	7,641	1,285	12,746	279	203	13,228	33,881
Printing	1,001	715	13,754	24	15,494	-	231	15,725	15,727
Communications	270	-	565	-	835	-	-	835	746
Telephone and website fees	8,786	-	1,195	-	9,981	5,900	564	16,445	26,760
Postage and messenger	809	94	4,386	30	5,319	143	815	6,277	6,232
Supplies and office expense	6,308	378	506	3,546	10,738	5,568	-	16,306	32,694
Health insurance	-	-	-	-	-	15,222	-	15,222	6,823
Insurance	-	-	-	-	-	5,726	-	5,726	5,131
Depreciation and amortization	-	-	-	-	-	9,864	-	9,864	7,618
Traming institute expense	-	4,344	-	-	4,344	-	-	4,344	4,003
Events	-	-	1,349	-	1,349	-	2,599	3,948	6,995
Other	78	-	921	-	999	3,447	-	4,446	6,720
<b>Total Expenses</b>	<b>\$ 654,774</b>	<b>\$ 69,377</b>	<b>\$ 424,474</b>	<b>\$ 85,828</b>	<b>\$ 1,234,453</b>	<b>\$ 193,739</b>	<b>\$ 4,412</b>	<b>\$ 1,432,604</b>	<b>\$ 1,153,555</b>

See notes to financial statements

**THE PARENT-CHILD HOME PROGRAM, INC.**

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2009**  
*(With comparative totals for 2008)*

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	<u>2009</u>	<u>2008</u>
<b><i>Cash flows from operating activities:</i></b>		
<i>Change in net assets</i>	\$ (232,316)	\$ 78,815
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	9,864	7,618
(Increase) decrease in assets:		
Accounts receivable	19,212	(10,503)
Prepaid expenses	(837)	(5,067)
Security deposit	(496)	(8,516)
Increase (decrease) in liabilities:		
Accrued expenses and other current liabilities	(5,635)	16,353
Deferred grants-operations	84,000	7,270
Total adjustments	<u>106,108</u>	<u>7,155</u>
<b><i>Net cash used in operating activities</i></b>	<u>(126,208)</u>	<u>85,970</u>
<b><i>Cash flows from investing activities</i></b>		
Cash paid for web site development costs	(12,192)	-
Acquisition of property and equipment	-	(22,885)
<b><i>Net cash used in investing activities</i></b>	<u>(12,192)</u>	<u>(22,885)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(138,400)	63,085
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>1,259,994</u>	<u>1,196,909</u>
<b>CASH AND CASH EQUIVALENTS - END</b>	<u><u>\$ 1,121,594</u></u>	<u><u>\$ 1,259,994</u></u>

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*See notes to financial statements*

# THE PARENT-CHILD HOME PROGRAM, INC.

## *NOTES TO FINANCIAL STATEMENTS* *JUNE 30, 2009*

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### **1. ORGANIZATION**

The Parent-Child Home Program, Inc. (the "Organization") was incorporated under Section 402 of the Not-For-Profit Corporation law of New York State in November 1978. The Organization is exempt from tax under Section 501 (c) (3) of the Internal Revenue Code.

The Parent-Child Home Program is a proven early childhood readiness program for families challenged by poverty, low levels of education, language and literacy barriers, and other obstacles to educational success. The program provides intensive home visiting – twice a week for two years – to families with 2 and 3 year-old children. Home visitors model, for the parent and child together, reading and verbal interaction activities. The program bridges the achievement gap for these children, developing critical literacy and language skills and preparing children to enter school ready to learn. The Parent-Child Home Program's National Center was created to disseminate information, promote replication, provide training and technical assistance, and conduct research on the program nationally and internationally. Revenues are derived principally from training fees; support is derived primarily from grants from private foundations and public donations.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

The accompanying financial statements are prepared on the accrual method of accounting, in accordance with accounting principles generally accepted in the United States. Contributions received and expenses incurred for future programs are deferred to the applicable year.

#### **Financial Statement Presentation**

The classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets – permanently restricted (none exists) temporarily restricted and unrestricted – be displayed in a statement of financial position and that the amounts of change in each of those classes be displayed in a statement of activities. The Organization's financial statements consist of temporarily restricted and unrestricted net assets, defined as follows:



# THE PARENT-CHILD HOME PROGRAM, INC.

## *NOTES TO FINANCIAL STATEMENTS* *JUNE 30, 2009*

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Temporarily Restricted – Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted and reported in the statement of activities and changes in net assets.

Unrestricted – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed restrictions.

### **Contributions**

Contributions are recorded 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 stipulation 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.

### **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets acquired and donated, which range from 5 to 15 years.

### **Intangible assets**

Web site development and video creation costs are stated at cost less accumulated amortization. Amortization is computed on the straight-line basis over the estimated useful lives of the assets acquired, which range from 5 to 7 years.

### **Support and revenues**

Support, revenues and expenditures are recorded on an accrual basis, thereby recognizing support and revenues when earned and expenses when incurred. Donated services, materials or equipment if any are recorded at their fair market value at the time of the donations. Revenue received for future periods and programs are deferred to the applicable year.

# THE PARENT-CHILD HOME PROGRAM, INC.

## *NOTES TO FINANCIAL STATEMENTS* *JUNE 30, 2009*

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### **Cash Equivalents**

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There was no interest or taxes paid for the year ended June 30, 2009.

### **Use of estimates in preparation of financial statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Prior Year Information**

The Statements of financial position activities, functional expenses, and cash flows include certain prior year summarized comparative information in total but not by category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

### **Functional Allocation of Expenses**

The costs of providing the various programs and activities 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.

### **3. RETIREMENT PLAN**

The Organization adopted a 403(B) retirement plan on December 1, 2001, which covers all eligible employees. The employees have the option of contributing a percentage of their earnings up to a specified maximum and the Organization may contribute discretionary matching contributions to the plan. The pension expense incurred for 2009 was \$8,635.

# THE PARENT-CHILD HOME PROGRAM, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

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### 4. COMMITMENTS

The Organization rents office space under a five year lease in Garden City, New York that expires August 31, 2012 with an option to extend the lease for an additional five years. Rent expense for the year ended June 30, 2009 was approximately \$97,000. Future minimum lease payments are as follows:

Year ended June 30,	<u>Amount</u>
2010	\$ 90,600
2011	93,800
2012	97,100
2013	<u>16,300</u>
	<u>\$ 297,800</u>

### 5. RESTRICTED NET ASSETS

As of July 1, 2007, the balance of a board-imposed restriction on net asset was approximately \$103,000 for a program development fund to expand and enhance program services throughout the United States. During the year the Organization spent approximately \$12,000 to update its management system and the remaining balance of restricted net assets is approximately \$91,000.

### 6. CONCENTRATION OF CREDIT RISK

The Organization maintains several bank accounts at various banks. Accounts at three institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at these institutions may at times exceed federally insured limits. Money market funds totaling approximately \$1,122,000 at June 30, 2009 included in cash and cash equivalents may be considered partially insured under recently issued government regulations. Exposure to credit risk is reduced by placing such deposits in high credit quality institutions. The Organization does not believe that it is exposed to significant credit risk in connection with cash and cash equivalents. The Organization does not have a material concentration of credit risk, with respect to accounts receivable, due to its generally short payment terms.