

**PUBLIC CITIZENS FOR  
CHILDREN AND YOUTH**

**Financial Statement**

**May 31, 2011**

*O'Hara, Ward and Associates*  
*Certified Public Accountants*

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH**

**MAY 31, 2011**

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**REPORT OF INDEPENDENT AUDITOR**

Board of Directors  
Public Citizens for  
Children and Youth  
Philadelphia, Pennsylvania

We have audited the accompanying statement of financial position of Public Citizens for Children and Youth, as of May 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Company'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 Public Citizens for Children and Youth, as of May 31, 2011, the results of operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Information for the year ended May 31, 2010, is presented for comparative purposes only and was extracted from the financial statements presented by fund for that year, on which an unqualified opinion dated October 9, 2010, was expressed.

*O'Hara, Ward & Associates*

August 16, 2011

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
STATEMENTS OF FINANCIAL POSITION  
MAY 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and Cash Equivalents (includes restricted cash of \$66,478 in 2011 and \$320,263 in 2010)	\$ 371,949	\$ 731,052
Marketable Securities (includes restricted marketable securities of \$403,377 in 2011 and \$95,855 in 2010)	723,891	383,361
Contracts Receivable	21,746	-0-
Grants Receivable	5,000	5,000
Prepaid Expenses	<u>7,112</u>	<u>6,892</u>
<b>TOTAL CURRENT ASSETS</b>	<b>1,129,698</b>	<b>1,126,305</b>
Property and Equipment, net of accumulated depreciation	6,322	10,067
Security Deposits	<u>2,846</u>	<u>2,846</u>
<b>TOTAL OTHER ASSETS</b>	<u><b>9,168</b></u>	<u><b>12,913</b></u>
<b>TOTAL ASSETS</b>	<u><b>\$ 1,138,866</b></u>	<u><b>\$ 1,139,218</b></u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 10,217	\$ 16,296
Custodial Funds	503	688
Accrued Salaries and Vacation	<u>16,719</u>	<u>36,770</u>
<b>TOTAL LIABILITIES</b>	<b>27,439</b>	<b>53,754</b>
<b>NET ASSETS</b>		
Unrestricted	486,930	452,697
Temporarily Restricted	<u>624,497</u>	<u>632,767</u>
<b>TOTAL NET ASSETS</b>	<u><b>1,111,427</b></u>	<u><b>1,085,464</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 1,138,866</b></u>	<u><b>\$ 1,139,218</b></u>

See Accompanying Notes to Financial Statements

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED MAY 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>UNRESTRICTED NET ASSETS</b>		
Support		
Foundations and Corporations	\$ 622,442	\$ 673,913
Individuals	163,306	128,211
Contracts	249,515	215,566
United Way & Federated Organizations	56,244	63,915
Special Events	97,336	74,322
Investment Return	41,127	41,811
Other	<u>820</u>	<u>161</u>
<b>TOTAL UNRESTRICTED SUPPORT</b>	1,230,790	1,197,899
Net Assets Released from Restrictions		
Restrictions Satisfied by Payments	<u>216,649</u>	<u>95,911</u>
<b>TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATIONS</b>	1,447,439	1,293,810
<b>EXPENSES</b>		
Program Services	1,181,929	1,152,376
Management and General	<u>231,277</u>	<u>206,394</u>
<b>TOTAL EXPENSES</b>	<u>1,413,206</u>	<u>1,358,770</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	34,233	(64,960)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Support Designated for Future Period	154,642	216,649
Support for Term Endowment	10,100	250
Investment Income	43,637	13,172
Net Assets Released from Restrictions		
Restrictions Satisfied by Payments	<u>(216,649)</u>	<u>(95,911)</u>
<b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>(8,270)</u>	<u>134,160</u>
<b>INCREASE IN NET ASSETS</b>	25,963	69,200
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,085,464</u>	<u>1,016,264</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,111,427</u>	<u>\$ 1,085,464</u>

See Accompanying Notes to Financial Statements

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MAY 31, 2011**

	<b>Public Awareness/ Outreach</b>	<b>Child Health/ Child Care</b>	<b>Campaign/ Public Education</b>	<b>TOTAL PROGRAM</b>	<b>Management &amp; Fundraising</b>	<b>2011 TOTAL</b>	<b>Memorandum Only 2010 TOTAL</b>
Salaries and Wages	\$249,944	\$223,266	\$184,210	\$657,420	\$116,606	\$774,026	\$781,561
Taxes and Fringes	58,760	51,020	47,508	157,288	26,778	184,066	193,579
Outside Services	31,075	46,277	49,523	126,875	31,766	158,641	54,861
Audit	1,230	1,230	1,230	3,690	2,060	5,750	5,500
Advertising	0	0	450	450	0	450	11,981
Supplies	5,124	876	247	6,247	2,204	8,451	6,076
Telephone	16,249	1,978	94	18,321	3,986	22,307	23,687
Postage	9,492	0	447	9,939	3,392	13,331	16,448
Rent	59,519	0	0	59,519	14,487	74,006	74,721
Equipment	24,280	0	0	24,280	5,926	30,206	28,922
Printing and Copier	2,924	19,219	5,016	27,159	4,622	31,781	64,156
Travel	0	4,930	1,085	6,015	1,336	7,351	5,760
Meetings and Conferences	0	1,387	674	2,061	3,249	5,310	3,314
Insurance	3,647	0	0	3,647	1,598	5,245	3,968
Special Projects	0	0	60,219	60,219	10,233	70,452	60,219
Miscellaneous	16,283	503	81	16,867	1,221	18,088	20,136
Depreciation	644	644	644	1,932	1,813	3,745	3,881
	<u>\$479,171</u>	<u>\$351,330</u>	<u>\$351,428</u>	<u>\$1,181,929</u>	<u>\$231,277</u>	<u>\$1,413,206</u>	<u>\$1,358,770</u>

See Accompanying Notes

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED MAY 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ 25,963	\$ 69,200
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	3,745	3,881
Unrealized Loss (Gain) on Marketable Securities	(57,086)	(37,815)
(Increase) Decrease in Operating Assets		
Grants and Contracts Receivable	(21,746)	121
Increase in Prepaid Expenses	(220)	(6,892)
Increase (Decrease) in Operating Liabilities		
Accounts Payable and Accrued Expenses	(6,079)	(2,,202)
Custodial Funds	(185)	(312)
Accrued Salaries and Vacations	<u>(20,051)</u>	<u>19,054</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(75,659)</b>	<b>45,035</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Certificates of Deposit, Net	-0-	375,000
Marketable Securities, Net	(283,444)	163,085
Capital Expenditures	<u>-0-</u>	<u>-0-</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(283,444)</b>	<b>538,085</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-0-</u>	<u>-0-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(359,103)</b>	<b>583,120</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>731,052</u>	<u>147,932</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 371,949</u>	<u>\$ 731,052</u>

See Accompanying Notes to Financial Statements

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2011 AND 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Purpose of the Organization**

The mission of Public Citizens for Children and Youth (the Organization) is to improve the quality and efficiency of the service delivery systems for children and youth in Pennsylvania. The Organization seeks to carry out its mission by: a) Educating governmental leaders, professional workers, members of the Organization's Board and Network and citizens at large, on the needs of children and youth in the city and surrounding suburbs; b) Developing strategies for achieving improved services and providing city-wide leadership in carrying out those strategies. The primary source of support is contributions.

**Financial Statement Presentation**

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.

**Permanently Restricted Net Assets** – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.



**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2011 AND 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**Fair Values of Financial Instruments**

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents and certificates of deposit: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage or time or by use) in the reporting period in which the income and gains are recognized.

**Grants and Contracts Receivable**

Grants receivable amounted to \$5,000 and \$5,000 for the years ended May 31, 2011 and 2010, respectively.

Contracts receivable amounted to \$21,746 and \$-0- for the years ended May 31, 2011 and 2010, respectively.

A provision for doubtful accounts has not been established as management considers all accounts to be collectible based upon a favorable history over a substantial period of time.

**Property, Equipment and Depreciation**

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Property and equipment are recorded at acquisition cost, including costs necessary to get the asset ready for its intended use. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets.

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2011 AND 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

Promises To Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services and Materials

During the year ended May 31, 2011, the value of contributed services meeting the requirements for recognition in the financial statements was \$85,332. During the year ended May 31, 2010 the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. A substantial number of volunteers have made significant contributions of their time to the Organization's program and supporting services, however, but these services do not meet the criteria for recognition as contributed services.

Advertising

Advertising costs are expenses as incurred. Advertising costs totaled \$450 and \$11,981 for the years ended May 31, 2011 and 2010, respectively.

Income Taxes

The Organization is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501 (c) (3), and is exempt from state income taxes under the provisions of the Pennsylvania Nonprofit Corporation Law.

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2011 AND 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

Income Taxes (Continued)

Effective June 1, 2009, the Organization adopted Accounting for Uncertainty in Income Taxes. As of June 1, 2011 and 2010, the Organization had no material unrecognized tax benefits, accrued interest or penalties. The Organization's policy is to account for interest and penalties as a component of income taxes. Federal tax years 2007 through 2009 were open for examination as of May 31, 2011.

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 these estimates.

Subsequent Events

The Organization's policy is to review and evaluate subsequent events for disclosure or recognition during the period after its year-end until the date the financial statements are available to be issued, the report date of August 16, 2011.

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2011 AND 2010**

**NOTE 2. MARKETABLE SECURITIES**

Marketable securities are stated at market value and consist of the following at May 31, 2011 and 2010:

	<b><u>2011</u></b>		
	<b><u>Fair Value</u></b>	<b><u>Cost</u></b>	<b><u>Unrealized Appreciation (Depreciation)</u></b>
Mutual Funds	\$381,988	\$342,053	\$ 39,935
Stock and Bonds	<u>341,903</u>	<u>339,435</u>	<u>2,468</u>
	<b><u>\$723,891</u></b>	<b><u>\$681,488</u></b>	<b><u>\$ 42,403</u></b>
	 <b><u>2010</u></b>  		
	<b><u>Fair Value</u></b>	<b><u>Cost</u></b>	<b><u>Unrealized Appreciation (Depreciation)</u></b>
Mutual Funds	\$239,364	\$261,382	\$ (22,018)
Stock and Bonds	<u>143,997</u>	<u>137,896</u>	<u>6,101</u>
	<b><u>\$383,361</u></b>	<b><u>\$399,278</u></b>	<b><u>\$ (15,917)</u></b>

Investment return includes \$57,086 and \$37,815 of unrealized gain and \$27,678 and \$17,168 of interest and dividend income for the years ended May 31, 2011 and 2010, respectively.

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2011 AND 2010**

**NOTE 3. PROPERTY AND EQUIPMENT**

Property and Equipment consist of the following:

	<u>2011</u>	<u>2010</u>
Furniture and Equipment	\$126,817	\$126,817
Less: Accumulated Depreciation	<u>(120,495)</u>	<u>(116,750)</u>
	<u>\$ 6,322</u>	<u>\$ 10,067</u>

Depreciation charged to earnings for the years ended May 31, 2011 and 2010 amounted to \$3,745 and \$3,881, respectively.

**NOTE 4. LEASE COMMITMENTS**

PCCY has an operating lease for office space that expires in May 2014. Occupancy expenses charged to operations for May 31, 2011 and 2010 amounted to \$74,006 and \$74,721, respectively. Future minimum lease payments under this operating lease are as follows:

May 31, 2012	\$ 75,000
May 31, 2013	\$ 77,000
May 31, 2014	<u>\$ 80,000</u>
Total	<u>\$232,000</u>

**NOTE 5. CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject PCCY to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Cash and cash equivalents exceeding federally insured limits totaled \$-0- and \$38,147 at May 31, 2011 and 2010, respectively. Management feels there are no significant risks as of the date of these financial statements.

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2011 AND 2010**

**NOTE 6. FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of public support and revenue, expenses, and fund balance. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The statement of functional expenses includes summarized information for the year ended May 31, 2010 to facilitate comparability to the current year. Such information does not include sufficient detail to constitute a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in accordance with the Organization's financial statements for the year ended May 31, 2010, from which the summarized information was derived.

**NOTE 7. RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets consist of the following:

	<u>2011</u>	<u>2010</u>
Designated for Future Periods	\$154,642	\$216,649
Term Endowment	<u>469,855</u>	<u>416,118</u>
	<u>\$624,497</u>	<u>\$632,767</u>

**NOTE 8. UNRESTRICTED NET ASSETS**

PCCY's Board of Directors has designated a portion of its unrestricted net assets in an effort to assure the long-term stability of the Organization. The remainder of unrestricted net assets is available for general operations.

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2011 AND 2010**

**NOTE 9. FUNDRAISING EXPENSES**

Total fundraising expenses for the years ended May 31, 2011 and 2010 were approximately \$113,000 and \$88,000, respectively, representing 8% and 6% of total support revenue. The ratio of expenses to amounts raised is computed using actual expenses and related support on an accrual basis.

**NOTE 10. FAIR VALUE MEASUREMENTS**

FAS ASC 820 establishes a fair value market hierarchy that prioritizes the valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 inputs consist of unadjusted quote prices in active markets for identical assets and have the highest priority.

Level 2 inputs consist of quoted prices in markets that are not active and have the second highest priority.

Level 3 inputs consist of unobservable inputs that have little or no market activity, and are the lowest priority.

When available, the Organization measures fair value using Level 1 valuation techniques because they generally provide the most reliable evidence of fair value.

As of May 31, 2011 and 2010, marketable securities were valued using a level one technique.