

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Communication with Those Charged with Governance

To The Board Members of Children, Youth & Family Services, Inc.

We have audited the financial statements of Children, Youth & Family Services, Inc. for the year ended June 30, 2009, and have issued our report thereon dated November 10, 2009. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Children, Youth & Family Services, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by Children, Youth & Family Services, Inc. during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were Management's estimate of the useful lives of fixed assets and the functional allocation of expenses. We evaluated the key factors and assumptions used to develop the useful life of fixed assets and the functional allocation of expenses in determining that the criteria used for those items are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 10, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the board of directors and management of Children, Youth & Family Services, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Robinson, Farmer Cox Associates
November 10, 2009

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

DATE: November 10, 2009

MEMORANDUM TO: Board of Directors
Children, Youth & Family Services, Inc.

FROM: Robinson, Farmer, Cox Associates

REGARDING: Year Ended June 30, 2009

In planning and performing our audit of the general purpose financial statements of Children, Youth & Family Services, Inc. for the year ended June 30, 2009, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

During our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated November 10, 2009 on the financial statements of Children, Youth & Family Services, Inc. Our comments and recommendations are intended to improve the internal control structure or result in other operational efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Cash Security:

Improve the Check Signing Policy

Existing procedures require that checks exceeding \$2,500 be signed by two authorized individuals, while checks under \$2,500 may only be signed by one authorized individual. During the course of our audit we noted that several checks exceeding \$2,500 were signed by one individual. We recommend that all checks exceeding the approved threshold amount of \$2,500 be signed by two authorized individuals.

CHILDREN, YOUTH & FAMILY SERVICES, INC.

Charlottesville, Virginia

FINANCIAL REPORT

JUNE 30, 2009

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY CERTIFIED PUBLIC ACCOUNTANTS

CHARLOTTESVILLE □ RICHMOND □ FREDERICKSBURG □ VERONA □ CHRISTIANSBURG



CHILDREN, YOUTH & FAMILY SERVICES, INC.

Charlottesville, Virginia

FINANCIAL REPORT

JUNE 30, 2009

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
CHILDREN, YOUTH & FAMILY SERVICES, INC.
CHARLOTTESVILLE, VIRGINIA

We have audited the accompanying statement of financial position of Children, Youth & Family Services, Inc. (a nonprofit 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 Children, Youth & Family Services, Inc.'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 Children, Youth & Family Services, 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 of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Children, Youth & Family Services, Inc., taken as a whole. The other supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 10, 2009

- Financial Statements -

CHILDREN, YOUTH & FAMILY SERVICES, INC.

Statement of Financial Position
At June 30, 2009

Assets:	
Cash and cash equivalents	\$ 92,718
Investments held for resale	141,533
Accounts and grants receivable	105,229
Pledges receivable	155,114
Land, buildings and equipment, at cost, less accumulated depreciation of \$236,307	<u>156,628</u>
Total assets	<u><u>\$ 651,222</u></u>
Liabilities:	
Accounts payable and accrued expenses	\$ 42,609
Accrued leave	<u>13,994</u>
Total liabilities	<u>\$ 56,603</u>
Net Assets:	
Unrestricted:	
Operating	\$ 25,612
Designated for long-term purposes	141,533
Fixed assets	<u>156,628</u>
Total unrestricted	\$ 323,773
Temporarily restricted	<u>270,846</u>
Total net assets	<u>\$ 594,619</u>
Total liabilities and net assets	<u><u>\$ 651,222</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CHILDREN, YOUTH & FAMILY SERVICES, INC.

Statement of Activities
Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Grants	\$ -	\$ 907,094	\$ 907,094
United Way, Thomas Jefferson Area	-	49,124	49,124
Contract service revenues	51,051	-	51,051
Program service revenues	21,072	-	21,072
Special events	20,075	-	20,075
Contributions	157,990	355,374	513,364
Investment income	(10,707)	-	(10,707)
Other	7,071	-	7,071
Net assets released from restrictions:			
Satisfaction of program requirements	1,066,490	(1,066,490)	-
Total revenues	<u>\$ 1,313,042</u>	<u>\$ 245,102</u>	<u>\$ 1,558,144</u>
Expenses:			
Program services	\$ 1,154,046	\$ -	\$ 1,154,046
Management and general	70,828	-	70,828
Fundraising	108,935	-	108,935
Total expenses	<u>\$ 1,333,809</u>	<u>\$ -</u>	<u>\$ 1,333,809</u>
Change in net assets	\$ (20,767)	\$ 245,102	\$ 224,335
Net assets, beginning of year	<u>344,540</u>	<u>25,744</u>	<u>370,284</u>
Net assets, end of year	<u><u>\$ 323,773</u></u>	<u><u>\$ 270,846</u></u>	<u><u>\$ 594,619</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CHILDREN, YOUTH & FAMILY SERVICES, INC.

Statement of Functional Expenses
Year Ended June 30, 2009

	Program Services			
	Runaway Services	Family Partners	Child Care Quality	Family Connections
Salaries and Related Benefits:				
Salaries	\$ 131,508	\$ 124,046	\$ 148,547	\$ 120,634
Payroll taxes	10,823	9,964	12,356	10,046
Employee benefits	15,721	16,965	6,640	13,842
Total salaries and related benefits	\$ 158,052	\$ 150,975	\$ 167,543	\$ 144,522
Advertising	-	530	224	-
Conferences	1,919	376	40	112
Insurance	1,690	3,144	2,292	2,476
Miscellaneous	116	1,658	3,951	2,377
Membership dues	667	123	256	98
Utilities	821	1,221	1,390	779
Office and postage	492	876	1,280	1,054
Professional and accounting fees	950	4,290	1,374	1,049
Program costs	39,801	583	17,418	2,885
Printing	487	236	1,151	725
Repairs/maintenance	1,286	2,820	2,181	1,211
Telephone	2,063	3,553	1,105	2,285
Travel	338	1,874	1,909	917
Bank fees	-	30	-	-
Bad debts	-	-	-	-
Depreciation	-	-	-	-
Total expenses	\$ 208,682	\$ 172,289	\$ 202,114	\$ 160,490

The accompanying notes to financial statements are an integral part of this statement.

Program Services						
Healthy Families	Star Kids	Others	Total Programs	Management and General	Fundraising	Total
\$ 105,518	\$ 88,298	\$ 87,579	\$ 806,130	\$ 43,333	\$ 72,231	\$ 921,694
8,319	7,264	8,475	67,247	2,418	5,592	75,257
15,693	6,864	11,760	87,485	5,803	6,216	99,504
\$ 129,530	\$ 102,426	\$ 107,814	\$ 960,862	\$ 51,554	\$ 84,039	\$ 1,096,455
-	-	553	1,307	347	-	1,654
2,525	364	1,382	6,718	135	92	6,945
685	1,525	693	12,505	828	838	14,171
114	106	14,939	23,261	228	3,215	26,704
6,372	87	52	7,655	62	248	7,965
952	945	948	7,056	164	542	7,762
874	440	1,494	6,510	520	4,693	11,723
852	2,089	486	11,090	474	485	12,049
701	1,546	11,250	74,184	285	6,507	80,976
720	527	1,564	5,410	2,803	4,826	13,039
760	1,481	1,485	11,224	259	2,155	13,638
-	1,424	404	10,834	922	231	11,987
3,332	6,913	117	15,400	94	64	15,558
-	-	-	30	1,023	1,000	2,053
-	-	-	-	387	-	387
-	-	-	-	10,743	-	10,743
\$ 147,417	\$ 119,873	\$ 143,181	\$ 1,154,046	\$ 70,828	\$ 108,935	\$ 1,333,809

CHILDREN, YOUTH & FAMILY SERVICES, INC.

Statement of Cash Flows
Year Ended June 30, 2009

Cash flows from operating activities:	
Change in net assets	\$ 224,335
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	10,743
Unrealized losses on investments	(12,191)
Changes in:	
Accounts and grants receivable	9,367
Pledges receivable	(155,114)
Accounts payable and accrued expenses	16,354
Accrued leave	<u>13,994</u>
Net cash provided by (used in) operating activities	\$ <u>107,488</u>
Cash flows from investing activities:	
Investments held for resale, net	\$ 3,667
Purchase of fixed assets	<u>(86,667)</u>
Net cash provided by (used in) investing activities	\$ <u>(83,000)</u>
Net change in cash and cash equivalents	\$ 24,488
Cash and cash equivalents at beginning of year	<u>68,230</u>
Cash and cash equivalents at end of year	\$ <u><u>92,718</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CHILDREN, YOUTH & FAMILY SERVICES, INC.

Notes to Financial Statements
At June 30, 2009

NOTE 1 - PURPOSE AND FUNDING:

Children, Youth & Family Services, Inc. (CYFS) is a private, nonprofit social service agency located in Charlottesville, Virginia. The agency has been in continued existence since 1921. CYFS' mission is to "*open doors to bright futures for kids.*" CYFS has many programs that focus on the mission stated above. These include, but are not limited to, programs aimed at improving the quality of child care resources; a home visiting program for new mothers at-risk for abusing/neglecting their newborn children; early learning programs to enhance preschoolers' skills; an emergency services/shelter program for homeless youth and those at-risk of running away; counseling for children who have been abused and/or neglected; and educational and support classes for parents. Programs are targeted to meet the needs of underserved populations in Central Virginia and to assist individuals who otherwise may not receive assistance to receive high quality, affordable, and accessible services.

Funding is primarily from grants from the City of Charlottesville, County of Albemarle, federal and state agencies, the United Way and through private contract and fundraising activities.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual method, revenues are recognized in the period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

Financial Statement Presentation:

The Organization follows statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations* for financial statement presentation. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions. At June 30, 2009 the Organization had Unrestricted Assets of \$323,755.

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. At June 30, 2009 the Organization had Temporarily Restricted Net Assets of \$270,846.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. At June 30, 2009 the Organization did not have any Permanently Restricted Net Assets.

CHILDREN, YOUTH & FAMILY SERVICES, INC.

Notes to Financial Statements
At June 30, 2009 (continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Property and Equipment:

Property, equipment and improvements to property are recorded at cost or if donated at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Buildings and improvements have an estimated useful life of thirty years and equipment lives range from 3 to 10 years.

Equipment purchases are treated as expenditures in the program utilizing the equipment. With the exception of expendable items, purchases in excess of \$250 are capitalized.

Depreciation expense totaled \$10,743 for the year ended June 30, 2009.

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.

Vacation/Sick Leave:

The Organization records vacation leave, not to exceed five days, for employees, 90 days after hiring. Payment of vested unused vacation pay is subject to Board of Directors approval. Unused sick leave is not paid upon termination. The amount of the accrued vacation leave was \$13,994 at June 30, 2009.

Advertising Costs:

Advertising costs are expensed when incurred.

Revenue Recognition:

The Organization utilizes grant accounting for governmental grants received for specific programs. This accounting recognizes grant revenue to the extent of grant expenditures paid. Grant revenues received but not expended are reported as deferred revenue. Other revenues are recognized when earned.

Contributions:

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of 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.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

CHILDREN, YOUTH & FAMILY SERVICES, INC.

Notes to Financial Statements
At June 30, 2009 (continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Investments:

Investments are reported at fair market value, and consist of pooled funds held by a local charitable public foundation.

NOTE 3 - CASH AND INVESTMENTS:

For the purposes of reporting cash flows, cash and cash equivalents consists of cash on hand and in banks, money market funds, certificates of deposit, and investments maturing in three months or less.

All cash in bank are in federally insured accounts. There were no uninsured bank balances at June 30, 2009.

Investments consist of pooled funds held by the Charlottesville Area Community Foundation and are recorded at fair market value. The investments have been designated by the Board of Directors for long-term purposes. The market value is \$141,533 and the cost basis of investments is \$153,723 at June 30, 2009.

NOTE 4 - ACCOUNTS AND GRANTS RECEIVABLE:

Accounts and grants receivable are recorded when the service has been performed or the grant period has commenced.

Accounts and grants receivable consist of the following:

Commonwealth of Virginia	\$	13,190
Commonwealth of Virginia Trust Funds		11,703
Department of Criminal Justice Services		11,056
Child Development Resources		10,614
RHY Grant		11,994
Smart Beginnings - CCQ VECF		14,980
VTSF/Star Kids		13,140
V.A.C.C.R.R.N.		5,728
Others		13,915
Subtotal	\$	106,320
Less: Allowance for uncollectibles		(1,091)
Net accounts and grants receivable	\$	<u>105,229</u>

There are no significant concentrations of credit risk arising from receivables. Receivables are written off when they are deemed uncollectible by management. The allowance for uncollectibles is an estimate based on the expected collection of receivables. Receivables are deemed delinquent when 31 or more days have elapsed from the billing date.

CHILDREN, YOUTH & FAMILY SERVICES, INC.

Notes to Financial Statements
At June 30, 2009 (continued)

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

Land	\$	26,516
Building and improvements		142,698
Equipment		102,305
Furniture and fixtures		86,964
Vehicles		<u>34,452</u>
Total	\$	392,935
Accumulated depreciation		<u>(236,307)</u>
Net property and equipment	\$	<u><u>156,628</u></u>

NOTE 6 - GRANTS:

The Organization received a significant portion of its revenue from various grants. The more significant grants and the funding sources for the year are detailed below:

<u>Program</u>	<u>Funding Source</u>	<u>Year Ended June 30, 2009</u>
Star Kids	Commonwealth of Virginia - Virginia Tobacco Settlement Foundation	\$ 74,613
Runaway Services	U.S. Dept. of Health and Human Services	188,412
Healthy Families	Commonwealth of Virginia	106,828
Various	City of Charlottesville	131,173
Various	County of Albemarle	97,614
Child Care Quality	Virginia Early Childhood Foundation	79,242
Family Partners	Commonwealth of Virginia	47,676
Various	United Way, Thomas Jefferson Area	49,124
Family Connections	Commonwealth of Virginia	59,541
Child Care Quality	V.A.C.C.R.R.N.	20,807
Child Care Quality	Child Development Resources	10,614
Star Kids	Governor's Office for Substance Abuse Prevention	22,626

CHILDREN, YOUTH & FAMILY SERVICES, INC.

Notes to Financial Statements
At June 30, 2009 (continued)

NOTE 7 - INVESTMENT INCOME:

Included in investment income are:

	<u>Year Ended</u> <u>June 30, 2009</u>
Income on investments	\$ 1,484
Unrealized losses on investments from the Charlottesville-Area Community Foundation	<u>(12,191)</u>
Total	<u>\$ (10,707)</u>

NOTE 8 - ALLOCATION OF SHARED EXPENSES:

The Organization allocates shared expenses between the various programs. These shared expenses include secretarial and bookkeeping support services, rent, telephone, insurance and equipment maintenance. Those expenses which relate directly to a particular program are charged directly to the program.

NOTE 9 - RETIREMENT PLAN:

Prior to January 1, 1997, the Organization terminated its defined contribution retirement plan which covered a small group of full-time, salaried employees. Employees may contribute to a tax sheltered annuity plan under Section 403(b) of the Internal Revenue Code. The Organization matches employee contributions at a 10% match rate per pay period to a maximum of \$250 per year. Match contributions to the plan totaled \$2,375 for the year ended June 30, 2009. Employee contributions to the plan totaled \$27,950 for the year ended June 30, 2009.

NOTE 10 - INCOME TAXES:

The Organization is a non-profit entity which is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), and comparable state law.

NOTE 11 - COMMITMENTS AND CONTINGENCIES:

Federal programs in which the Organization participates may be subject to compliance testing by the funding federal agency. Such compliance tests could result in disallowed expenditures charged to the grant program.

NOTE 12 - CONTRIBUTED SERVICES:

The Organization has received contributed services in the form of volunteers utilized for programs and various repairs and maintenance activities. The value of these hours has not been recognized in the financial statements. The fair value of these services has not been measured.

CHILDREN, YOUTH & FAMILY SERVICES, INC.

Notes to Financial Statements
At June 30, 2009 (continued)

NOTE 13 - RESTRICTED ASSETS:

Net assets were released from grantor restrictions by incurring expenditures satisfying the restricted purpose of the grants.

	<u>Year Ended</u> <u>June 30, 2009</u>
Runaway Services Program	\$ 202,634
Family Partners	173,158
Child Care Quality	163,017
Family Connections	110,129
Healthy Families	147,081
Star Kids	98,739
Advancement	48,597
Others	123,135
	<hr/>
Total	\$ <u><u>1,066,490</u></u>

Temporarily restricted assets consist of unexpended funds for the following:

Advancement	\$ 249,586
Family Partners - Mental Health	20,000
Partnership for Children	467
Runaway Shelter	443
Board	350
	<hr/>
Total	\$ <u><u>270,846</u></u>

NOTE 14 - DESIGNATED ASSETS:

The Board has designated its investments held by the Charlottesville Area Community Foundation for long-term purposes. These investments are designated as follows:

Endowment type purpose	\$ 43,647
Annual fund	86,110
Keasley fund	7,268
Capital Campaign - Long Term	3,668
Capital Campaign - Short Term	840
	<hr/>
Total	\$ <u><u>141,533</u></u>

CHILDREN, YOUTH & FAMILY SERVICES, INC.

Notes to Financial Statements
At June 30, 2009 (continued)

NOTE 15 - FAIR VALUE MEASUREMENTS:

Effective July 1, 2008, the Organization adopted SFAS No. 157, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. FSP FAS 157-2 delayed the effective date for all nonfinancial assets and liabilities until July 1, 2009, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. SFAS No. 157 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

According to FASB 157, "*Fair Value Measurements and Disclosures*," the Organization is providing the following information related to its investments:

Fair Value Measurements at Reporting Date Using				
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	June 30, 2009	(Level 1)	(Level 2)	(Level 3)
Investments	\$ 141,533	\$ -	\$ 141,533	\$ -
Total	<u>\$ 141,533</u>	<u>\$ -</u>	<u>\$ 141,533</u>	<u>\$ -</u>
June 30, 2008				
Investments	\$ 133,008	\$ -	\$ 133,008	\$ -
Total	<u>\$ 133,008</u>	<u>\$ -</u>	<u>\$ 133,008</u>	<u>\$ -</u>

CHILDREN, YOUTH & FAMILY SERVICES, INC.

Notes to Financial Statements
At June 30, 2009 (continued)

NOTE 16 - PLEDGES RECEIVABLE:

The Organization obtained pledges during the 2008-2010 Capital Campaign. Unconditional pledges to give at June 30, 2009 are as follows:

Receivable in less than one year	\$	30,340
Receivable in one to five years		<u>145,475</u>
Total pledges receivable	\$	175,815
Less unamortized discounts		(3,134)
Less allowance for uncollectible receivables		<u>(17,567)</u>
Net pledges receivable at June 30, 2009	\$	<u><u>155,114</u></u>

Long term pledges receivable are recognized at fair value, using present value techniques and discount rates that ranged from 1.11% to 2.53% in 2009.

- Other Supplementary Information -

CHILDREN, YOUTH & FAMILY SERVICES, INC.

Reconciliation of Statement of Functional Expenses to Grant Expenditures
Year Ended June 30, 2009

	Program Services			
	Runaway Services	Family Partners	Child Care Quality	Family Connections
Salaries and Related Benefits:				
Salaries	\$ 131,508	\$ 124,046	\$ 148,547	\$ 120,634
Payroll taxes	10,823	9,964	12,356	10,046
Employee benefits	15,721	16,965	6,640	13,842
Total salaries and related benefits	\$ 158,052	\$ 150,975	\$ 167,543	\$ 144,522
Advertising	-	530	224	-
Conferences	1,919	376	40	112
Insurance	1,690	3,144	2,292	2,476
Miscellaneous	116	1,658	3,951	2,377
Membership dues	667	123	256	98
Utilities	821	1,221	1,390	779
Office and postage	492	876	1,280	1,054
Professional and accounting fees	950	4,290	1,374	1,049
Program costs	39,801	583	17,418	2,885
Printing	487	236	1,151	725
Repairs/maintenance	1,286	2,820	2,181	1,211
Telephone	2,063	3,553	1,105	2,285
Travel	338	1,874	1,909	917
Bank fees	-	30	-	-
Bad debts	-	-	-	-
Depreciation	-	-	-	-
Total statement of functional expenses	\$ 208,682	\$ 172,289	\$ 202,114	\$ 160,490
Add:				
Grant expenditures netted for financial statement purposes:				
Occupancy	\$ 679	\$ 987	\$ 1,111	\$ 617
Employee benefits	-	-	6,507	278
Grant administration fees	-	-	-	-
Total grant expenditures	\$ 209,361	\$ 173,276	\$ 209,732	\$ 161,385

Program Services							
Healthy Families	Star Kids	Others	Total Programs	Management and General	Fundraising	Total	
\$ 105,518	\$ 88,298	\$ 87,579	\$ 806,130	\$ 43,333	\$ 72,231	\$ 921,694	
8,319	7,264	8,475	67,247	2,418	5,592	75,257	
15,693	6,864	11,760	87,485	5,803	6,216	99,504	
\$ 129,530	\$ 102,426	\$ 107,814	\$ 960,862	\$ 51,554	\$ 84,039	\$ 1,096,455	
-	-	553	1,307	347	-	1,654	
2,525	364	1,382	6,718	135	92	6,945	
685	1,525	693	12,505	828	838	14,171	
114	106	14,939	23,261	228	3,215	26,704	
6,372	87	52	7,655	62	248	7,965	
952	945	948	7,056	164	542	7,762	
874	440	1,494	6,510	520	4,693	11,723	
852	2,089	486	11,090	474	485	12,049	
701	1,546	11,250	74,184	285	6,507	80,976	
720	527	1,564	5,410	2,803	4,826	13,039	
760	1,481	1,485	11,224	259	2,155	13,638	
-	1,424	404	10,834	922	231	11,987	
3,332	6,913	117	15,400	94	64	15,558	
-	-	-	30	1,023	1,000	2,053	
-	-	-	-	387	-	387	
-	-	-	-	10,743	-	10,743	
\$ 147,417	\$ 119,873	\$ 143,181	\$ 1,154,046	\$ 70,828	\$ 108,935	\$ 1,333,809	
\$ 740	\$ 740	\$ 740	\$ 5,614	\$ 124	\$ 432	\$ 6,170	
-	-	-	6,785	-	-	6,785	
-	-	4,589	4,589	-	-	4,589	
\$ 148,157	\$ 120,613	\$ 148,510	\$ 1,171,034	\$ 70,952	\$ 109,367	\$ 1,351,353	