

**PROGRAM FOR EARLY PARENT SUPPORT  
ACCOUNTANTS' REVIEW REPORT  
AND FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

# PROGRAM FOR EARLY PARENT SUPPORT

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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

The Board of Directors  
Program for Early Parent Support

We have reviewed the accompanying statement of financial position of Program for Early Parent Support (a not for profit organization) as of December 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Program for Early Parent Support's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion. The 2011 financial statements of Program for Early Parent Support were reviewed by other accountants, whose report dated June 27, 2012, stated that based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the 2012 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Finney, Neill & Company, P.S.*

July 3, 2013

**PROGRAM FOR EARLY PARENT SUPPORT**  
(A Not For Profit Organization)  
Statements of Financial Position  
December 31, 2012 and 2011

<b>ASSETS</b>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 330,288	456,322
Investments	151,546	-
Pledges receivable, net	62,092	45,051
Other receivable	35,101	26,434
Prepays and other	<u>21,423</u>	<u>19,544</u>
Total current assets	600,450	547,351
Pledges receivable, net	25,195	22,205
Endowment	56,165	51,999
Fixed assets, net	<u>10,684</u>	<u>3,021</u>
Total assets	<u><u>\$ 692,494</u></u>	<u><u>624,576</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 7,872	29,498
Accrued vacation	17,584	8,758
Deferred revenue	<u>20,500</u>	<u>2,000</u>
Total liabilities	<u>45,956</u>	<u>40,256</u>
Net assets:		
Unrestricted	494,002	478,598
Temporarily restricted	102,444	55,630
Permanently restricted	<u>50,092</u>	<u>50,092</u>
Total net assets	<u>646,538</u>	<u>584,320</u>
Total liabilities and net assets	<u><u>\$ 692,494</u></u>	<u><u>624,576</u></u>

*See accompanying notes and accountant's report.*

# PROGRAM FOR EARLY PARENT SUPPORT

(A Not For Profit Organization)

Statements of Activities

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
Support and Revenue:		
Contributions	\$ 101,853	108,048
Grants	18,021	7,557
Program service fees	308,317	281,987
Special events, net	158,257	143,102
In-kind contributions	322,820	304,407
Investment income	3,001	568
Realized and unrealized gains (losses) on investments	(1,175)	-
	<u>911,094</u>	<u>845,669</u>
Net assets released from restrictions:		
Satisfaction of program restrictions	3,656	27,339
Satisfaction of time restrictions	36,846	-
Appropriation of endowment assets for expenditure	1,795	1,815
	<u>42,297</u>	<u>29,154</u>
Total unrestricted support, revenue, and other support	953,391	874,823
Expenses:		
Programs	711,142	662,118
Management and general	62,073	52,797
Fundraising	164,772	157,372
Total expenses	<u>937,987</u>	<u>872,287</u>
Increase (decrease) in unrestricted net assets	<u>15,404</u>	<u>2,536</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	83,150	43,818
Unappropriated earnings (loss) on endowment fund	5,961	(1,546)
Net assets released from restrictions	(42,297)	(29,154)
Increase (decrease) in temporarily restricted net assets	<u>46,814</u>	<u>13,118</u>
Increase (decrease) in net assets	<u>62,218</u>	<u>15,654</u>
Net assets at beginning of year	<u>584,320</u>	<u>568,666</u>
Net assets at end of year	<u>\$ 646,538</u>	<u>584,320</u>

See accompanying notes and accountant's report.

# PROGRAM FOR EARLY PARENT SUPPORT

(A Not For Profit Organization)  
Statement of Functional Expenses  
Year ended December 31, 2012

	<u>Programs</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes, and benefits	\$ 222,840	42,609	117,044	382,493
Professional fees	70,259	11,956	14,444	96,659
Rent	30,933	2,662	8,153	41,748
Board expenses	3,777	420	1,333	5,530
Conferences and education	100	4	2,386	2,490
Credit card fees	7,907	633	1,656	10,196
Equipment	6,916	413	5,086	12,415
Insurance	3,006	335	1,009	4,350
Memberships	214	15	46	275
Mileage and parking	1,862	52	133	2,047
Miscellaneous	1,424	167	822	2,413
Postage	4,329	131	1,088	5,548
Printing	5,633	236	3,293	9,162
Supplies	16,363	1,409	4,400	22,172
Excise tax	5,557	-	-	5,557
Telephone	5,220	810	1,625	7,655
Depreciation	1,982	221	666	2,869
Uncollectible pledges	-	-	1,588	1,588
Expenses before in-kind	<u>388,322</u>	<u>62,073</u>	<u>164,772</u>	<u>615,167</u>
In-kind facilities and services	<u>322,820</u>	<u>-</u>	<u>-</u>	<u>322,820</u>
Total expenses	<u>\$ 711,142</u>	<u>62,073</u>	<u>164,772</u>	<u>937,987</u>

See accompanying notes and accountant's report.

## PROGRAM FOR EARLY PARENT SUPPORT

(A Not For Profit Organization)

Statement of Functional Expenses

Year ended December 31, 2011

	<u>Programs</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes, and benefits	\$ 211,956	36,112	109,572	357,640
Professional fees	54,352	9,706	8,290	72,348
Rent	31,259	2,983	11,333	45,575
Board expenses	4,053	478	2,031	6,562
Conferences and education	420	13	3,046	3,479
Credit card fees	7,133	537	1,647	9,317
Equipment	6,448	437	5,270	12,155
Insurance	2,652	346	1,250	4,248
Memberships	90	-	110	200
Mileage and parking	554	38	419	1,011
Miscellaneous	4,301	110	1,127	5,538
Postage	2,382	232	869	3,483
Printing	2,547	127	2,356	5,030
Supplies	5,891	718	4,138	10,747
Excise tax	18,034	-	-	18,034
Telephone	4,615	827	1,909	7,351
Depreciation	1,024	133	483	1,640
Uncollectible pledges	-	-	3,522	3,522
Expenses before in-kind	<u>357,711</u>	<u>52,797</u>	<u>157,372</u>	<u>567,880</u>
In-kind facilities and services	<u>304,407</u>	<u>-</u>	<u>-</u>	<u>304,407</u>
Total expenses	<u>\$ 662,118</u>	<u>52,797</u>	<u>157,372</u>	<u>872,287</u>

See accompanying notes and accountant's report.

**PROGRAM FOR EARLY PARENT SUPPORT**  
(A Not For Profit Organization)  
Statements of Cash Flows  
Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from contributions, grants and fees	\$ 658,903	564,925
Cash received from interest and other sources	1,826	568
Cash paid to employees and vendors	<u>(623,510)</u>	<u>(553,763)</u>
Net cash provided by operating activities	<u>37,219</u>	<u>11,730</u>
Cash flows from investing activities:		
Purchase of investments	(152,721)	-
Purchase of fixed assets	<u>(10,532)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(163,253)</u>	<u>-</u>
Net increase (decrease) in cash	(126,034)	11,730
Cash at beginning of year	<u>456,322</u>	<u>444,592</u>
Cash at end of year	<u>\$ 330,288</u>	<u>456,322</u>
Reconciliation of changes in net assets to net cash provided (used) by operating activities		
Change in net assets	\$ 62,218	15,654
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Net realized and unrealized (gain) loss on investments	1,175	-
Depreciation	2,869	1,640
Net unrealized change in endowment fund	(4,166)	3,361
(Increase) decrease in assets:		
Pledges receivable, net	6,960	(3,106)
Other receivables	(35,658)	(25,809)
Prepays and other	(1,879)	(3,703)
Increase (decrease) in liabilities:		
Accounts payable and other liabilities	(21,626)	21,178
Accrued vacation	8,826	3,015
Deferred revenue	<u>18,500</u>	<u>(500)</u>
Total adjustments	<u>(24,999)</u>	<u>(3,924)</u>
Net cash provided (used) by operating activities	<u>\$ 37,219</u>	<u>11,730</u>

*See accompanying notes and accountant's report.*



# PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements

Years ended December 31, 2012 and 2011

## 1. DESCRIPTION OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES

### Nature of Activities

Program for Early Parent Support (PEPS or the Organization) was established in 1982 in the State of Washington. The Organization's mission is to provide community-based programs that enable parents of infants and young children to meet the challenges of parenting through mutual support and shared information.

PEPS' main program is the Newborn Groups Program. Parents with newborns meet weekly for 12 weeks in participants' homes with a trained facilitator. Participants enhance their parenting skills by sharing information and experiences, solving problems together, and gaining access to information and resources. Upon completion of the facilitated 12 week session, approximately 90% of groups continue to meet on their own. PEPS also offers support groups for parents with babies 5-12 months old called Baby Peppers; for parents of a toddler and a newborn called Little Peppers; newborn groups for parents with their second child called Second Time Around; and Dad's groups for dad's who are primary caretakers. These groups are also facilitated by a trained leader and are held at various sites around King and Snohomish County, such as community centers and daycares. Little Peppers is the only group in which a trained leader is paid, rather than volunteer, due to the size and complexity of the group. In 2012, PEPS served 1,566 families through 183 Newborn groups, including Second Time Around; 247 families through 32 Baby Peppers and Little Peppers groups; 25 families in our new program, PEPS for Dads (3 groups); 256 families through Orientations; and 202 families at our Parent Talk Lecture Series, for a total of 2,296 families served.

### Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

### Basis of Presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Presentation of Financial Statements for Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. This Topic establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset classes according to donor imposed restrictions. Accordingly, the net assets of the Organization have been reported as follows:

- *Unrestricted net assets* are those currently available at the discretion of the board for use in the activities of the Organization.
- *Temporarily restricted net assets* are those stipulated by donors for specific operating purposes or for a specific period of time.
- *Permanently restricted net assets* are in the form of endowment or sustaining funds in which only the income from such funds may be expended.

Net assets of the temporarily and permanently restricted class are created only by donor-imposed restrictions on the use of funds. All other net assets, including board-designated or appropriated amounts, are reported as part of the unrestricted class.

*These notes are an integral part of the financial statements.*

# PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements

Years ended December 31, 2012 and 2011

## 1. DESCRIPTION OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES, continued

### Accounting Estimates

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

### Cash and 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 maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

### Investments

Investments consist of investments in mutual funds which are classified as available-for-sale securities carried at fair value. Net unrealized investment gains (losses) related to available-for-sale securities are recorded in the total change in net assets. Interest and dividends earned are reported in interest and other income. Program for Early Parent Support uses quoted market prices or public market information to determine the fair value of its investments. Gains and losses on dispositions are accounted for on a specific identification basis. Net realized and unrealized gains and losses are included in the statement of activities.

### Fixed Assets and Depreciation

Fixed assets are recorded at cost. Depreciation is computed using the straight-line method over estimated useful lives ranging from three to five years. Depreciation begins when the assets are placed in service. Repairs and maintenance of fixed assets are expensed as incurred. The Organization generally follows the practice of capitalizing expenditures for property and equipment in excess of \$1,500 with useful lives greater than three years. Depreciation expense for the years ended December 31, 2012 and 2011 was \$2,869 and \$1,640, respectively.

### Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation techniques. There were no impairment losses recognized for the years ended December 31, 2012 and 2011.

## PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements

Years ended December 31, 2012 and 2011

### 1. DESCRIPTION OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES, continued

#### Restricted and Unrestricted Support and Revenue Recognition

Contributed support is recorded when cash is received or when ownership of donated assets is transferred. The Organization has adopted the Revenue Recognition for Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. In accordance with this Topic, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor restrictions.

Contributions received with donor stipulations that limit the use of the donated assets are reported as temporarily or permanently restricted. 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.

#### Functional Allocation of Expenses

The costs of providing the various program services and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services on the basis of benefits received.

#### Donated services, supplies and facilities

Donated services are recorded as professional service expense arising from trained newborn group leader volunteers (see Note 12). Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and various committee assignments. No amounts have been recorded for those hours as they did not meet the qualifying criteria for recognition. Donations of supplies and facilities are recorded as revenue at the estimated fair value at the date of donation.

#### Income Tax Status

The Internal Revenue Service has recognized PEPS as exempt from federal income taxes under Section 501(c)(3) and is classified as an organization other than a private foundation under Section 509(a)(1). Accordingly, no provision has been made for federal income tax in the accompanying financial statements. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A).

The Organization accounts for tax positions in accordance with the FASB Accounting Standards Codification Topic No. 740, *Income Taxes*. With few exceptions, the Organization is subject to federal and state income tax examinations by tax authorities for the prior three years. Management has reviewed the Organization's tax positions and determined there were no uncertain tax positions as of December 31, 2012 and 2011 that could result in unrelated business taxes to the Organization or loss of its non-profit status.

The Organization recognizes income tax related interest in interest expense and penalties in operating expenses. During the years ended December 31, 2012 and 2011, the Organization recognized no income tax related interest or penalties.

## PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements

Years ended December 31, 2012 and 2011

### 1. DESCRIPTION OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES, continued

#### Reclassifications

Certain balances in the prior year financial statement have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on the change in net assets.

#### Subsequent Events

Subsequent events have been evaluated through July 3, 2013, which is the date the financial statements were available to be issued.

### 2. FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this topic are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- a. Quoted prices for similar assets or liabilities in active markets,
- b. Quoted prices for identical or similar assets or liabilities in inactive markets,
- c. Inputs other than quoted prices that are observable for the asset or liability,
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

- Mutual funds: valued at the net asset value of shares held at year end.
- Endowment assets: valued at the net asset value of shares held in the investment pool managed by The Seattle Foundation as allocated to the Organization's individual account.

All investments are classified under level 1 measurements within the fair value hierarchy.

*These notes are an integral part of the financial statements.*

## PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements

Years ended December 31, 2012 and 2011

### 2. FAIR VALUE MEASUREMENTS, continued

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

### 3. PLEDGES RECEIVABLE

The Organization holds fund-raising campaigns to sustain future operations. The resulting unconditional promises to give are not restricted to any particular program. The allowance for uncollectible pledges receivable is calculated at a rate commensurate with the risk involved of 6% and 8% at December 31, 2012 and 2011.

Pledges receivable include the following at December 31:

	<u>2012</u>	<u>2011</u>
Receivable in less than one year	\$ 66,092	49,100
Receivable in one to five years	26,818	24,200
	<u>92,910</u>	<u>73,300</u>
Less allowance for uncollectible accounts and net present value discount (.15% for 2012 and .3% for 2011)	(5,623)	(6,044)
Pledges receivable, net	<u>\$ 87,287</u>	<u>67,256</u>

### 4. INVESTMENT INCOME

Investment income consists of the following for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$ 3,001	568
Realized gains (losses)	(11)	-
Unrealized gains (losses)	(1,164)	-
	<u>1,826</u>	<u>568</u>
Endowment:		
Interest and dividends	1,159	1,174
Realized gains (losses)	1,516	1,597
Unrealized gains (losses)	4,124	(3,500)
Less fees	(838)	(817)
	<u>5,961</u>	<u>(1,546)</u>
	<u>\$ 7,787</u>	<u>(978)</u>

*These notes are an integral part of the financial statements.*

## PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements

Years ended December 31, 2012 and 2011

### 5. ENDOWMENT

The Endowment is funds held in an investment pool managed by The Seattle Foundation (the Foundation). The Foundation was established in 1946, and since its formation has managed funds for many not-for-profit organizations in the Puget Sound area. Realized and unrealized gains/losses from securities in the investment pool are allocated to the individual accounts based on the relationship of the fair value of each account to the total fair value of the pooled investment accounts, as adjusted for additions to/deductions from those accounts. The Foundation's assets are principally in trusts from which income is distributed to the participating organizations. The Foundation guarantees a minimum 5% return on invested assets for the first year. Thereafter, invested assets may earn a higher rate of return and all earnings in excess of 5% are reinvested in the trust. The Foundation distributed \$1,795 and \$1,815 in earnings during the years ended December 31, 2012 and 2011, respectively. To satisfy its long-term objections, the Organization has established investment policies that rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets the original value of gifts to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following:

- Duration and preservation of the fund
- Purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from income and the appreciation of investments
- Other resources of the Organization
- Investment policies of the Organization

The funds held with the Foundation include permanently restricted endowment contributions and investment appreciation. Permanently restricted funds held by the Foundation are \$50,092 at December 31, 2012 and 2011.

**PROGRAM FOR EARLY PARENT SUPPORT**

Notes To Financial Statements

Years ended December 31, 2012 and 2011

5. ENDOWMENT, continued

Endowment fund composition:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
December 31, 2012				
Seattle Foundation	\$ -	6,073	50,092	56,165
December 31, 2011				
Seattle Foundation	\$ -	1,907	50,092	51,999

Changes in Endowment Net Assets:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2011	\$ -	5,268	50,092	55,360
Investment return	-	(1,546)	-	(1,546)
Appropriation of Endowment assets for expenditure	-	(1,815)	-	(1,815)
Endowment net assets, December 31, 2011	-	1,907	50,092	51,999
Investment return	-	5,961	-	5,961
Appropriation of Endowment assets for expenditure	-	(1,795)	-	(1,795)
Endowment net assets, December 31, 2012	\$ -	6,073	50,092	56,165

6. FIXED ASSETS

Fixed assets consisted of the following at December 31:

	<u>2012</u>	<u>2011</u>
Office equipment	\$ 13,715	45,443
Furniture	17,030	6,497
Software	56,872	56,873
	87,617	108,813
Less accumulated depreciation	(76,933)	(105,792)
Fixed assets, net	\$ 10,684	3,021

*These notes are an integral part of the financial statements.*

## PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements

Years ended December 31, 2012 and 2011

### 7. TEMPORARILY RESTRICTED NET ASSETS

The following schedule summarizes the Organization's temporarily restricted net asset composition for the years ended December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Board training	\$ 5,000	-
Scholarships and program leaders	15,000	3,656
Time restricted (pledges outstanding)	76,371	50,067
Unappropriated earnings on Endowment Fund	6,073	1,907
Total temporarily restricted net assets	<u>\$ 102,444</u>	<u>55,630</u>

### 8. LEASE EXPENSE

The Organization leases office equipment under an operating lease signed July 30, 2012. The lease is for a period of 60 months. Scheduled lease payments for the years ending December 31, are as follows:

<u>Years ending</u>	
2013	\$ 2,580
2014	2,580
2015	2,580
2016	2,580
2017	1,505
	<u>\$ 11,825</u>

Rental expense for office equipment under lease totaled \$2,502 and \$2,144 for the years ended December 31, 2012 and 2011, respectively.

The Organization leases office space under a lease agreement dated January 11, 2007 and amended December 15, 2011 to renew the lease for 60 months. The lease renewal is for a period of 60 months.

*These notes are an integral part of the financial statements.*



## PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements

Years ended December 31, 2012 and 2011

### 8. LEASE EXPENSE, continued

Scheduled lease payments for the years ending December 31, are as follows:

<u>Years ending</u>	
2013	\$ 32,992
2014	33,974
2015	34,991
2016	36,033
2017	3,010
	<u>\$ 141,000</u>

Rental expense for office space totaled \$32,332 and \$34,668 for the years ended December 31, 2012 and 2011, respectively.

### 9. SPECIAL EVENTS

Special events revenue included the following activity during the years ended December 31:

	<u>2012</u>	<u>2011</u>
Luncheon revenues and contributions, net	\$ 112,382	102,831
PEPSapalooza contributions, net	45,875	40,271
	<u>\$ 158,257</u>	<u>143,102</u>

The luncheon is a significant annual event, and the costs related to it are an allocated expense in the statement of functional expenses. Luncheon revenues and contributions are net of direct costs of \$28,857 and \$30,267 for the years December 31, 2012 and 2011, respectively.

The PEPSapalooza event began in 2009 and is designed to create community awareness, bring PEPS families together and raise additional funds for the Organization. PEPSapalooza contributions are reported net of direct costs of \$10,583 and \$11,004 for the years ended December 31, 2012 and 2011, respectively. Other expenses related to special events are reported in the statement of functional expenses.

## PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements

Years ended December 31, 2012 and 2011

### 10. JOINT COSTS

Joint costs are associated with activities that have multiple purposes. The Organization's only joint activity is its annual luncheon. The joint costs associated with the luncheon in 2012 and 2011 total \$7,242 and \$3,592 respectively. The joint costs were allocated as follows:

	<u>2012</u>	<u>2011</u>
Program	\$ 5,341	2,746
Fundraising	<u>1,901</u>	<u>846</u>
	<u>\$ 7,242</u>	<u>3,592</u>

These costs include both cash and in-kind costs. Total in-kind joint costs are \$0 and \$0 for the years ended December 31, 2012 and 2011, respectively.

### 11. RETIREMENT PLAN

In 2011, the Organization started a Savings Incentive Match Plan for Employees (SIMPLE). The plan allows for the Organization to match employee contributions up to three percent of the employees' eligible wages. Employer contributions for the years December 31, 2012 and 2011 were \$9,017 and \$7,170.

### 12. IN-KIND CONTRIBUTIONS

In-kind contributions consist of the following for the years ended December 31:

	<u>2012</u>	<u>2011</u>
In-kind services - Newborn Groups Program	\$ 203,840	191,360
In-kind facilities - Newborn Groups Program	<u>118,980</u>	<u>113,047</u>
	<u>\$ 322,820</u>	<u>304,407</u>

*These notes are an integral part of the financial statements.*