

**ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS  
WITH PHYSICAL DISABILITIES**

FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT

**DECEMBER 31, 2012**

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## Independent Auditor's Report

Board of Directors  
St. Louis Society for Children and Adults with Physical Disabilities  
St. Louis, Missouri

We have audited the accompanying financial statements of St. Louis Society for Children and Adults with Physical Disabilities ( the "Society"), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Louis Society for Children and Adults with Physical Disabilities as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Brown Smith Wallace, L.L.C.*

St. Louis, Missouri  
April 25, 2013

**ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS WITH  
PHYSICAL DISABILITIES**

**Statements of Financial Position**

December 31, 2012 and 2011

	<b>2012</b>	2011
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 185,014	\$ 163,628
Investments	674,965	595,263
Accounts receivable	63,117	57,947
Pledges receivable	168,192	162,159
Prepaid expenses	28,519	28,825
<b>Total Current Assets</b>	<b>1,119,807</b>	1,007,822
<b>Other Assets</b>		
Property and equipment, net	108,015	61,722
Security deposits	4,210	4,210
Other	4,327	4,327
<b>Total Other Assets</b>	<b>116,552</b>	70,259
<b>TOTAL ASSETS</b>	<b>\$ 1,236,359</b>	\$ 1,078,081
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 22,805	\$ 28,267
<b>Total Current Liabilities</b>	<b>22,805</b>	28,267
<b>Net Assets</b>		
Unrestricted - Available for general use	141,114	131,370
Unrestricted - Board designated	261,878	236,290
Unrestricted - Property and equipment	108,015	61,722
<b>Total Unrestricted</b>	<b>511,007</b>	429,382
Temporarily restricted	244,274	162,159
Permanently restricted	458,273	458,273
<b>Total Net Assets</b>	<b>1,213,554</b>	1,049,814
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,236,359</b>	\$ 1,078,081

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

# ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS WITH PHYSICAL DISABILITIES

## Statement of Activities

Year ended December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUES</b>				
Contributions	\$ 104,851	\$ 4,000	\$ -	\$ 108,851
United Way	964	168,159	-	169,123
Bequests from estates	1,377	-	-	1,377
Government payments - program services	618,092	18,000	-	636,092
Special events, net of direct expenses of \$53,116	81,876	-	-	81,876
Program fees	19,307	-	-	19,307
Investment income	25,587	54,115	-	79,702
Miscellaneous income	1,358	-	-	1,358
Net assets released from restrictions	162,159	(162,159)	-	-
<b>Total support and revenues</b>	<b>1,015,571</b>	<b>82,115</b>	<b>-</b>	<b>1,097,686</b>
<b>EXPENSES</b>				
<b>Program services:</b>				
Sports camp	73,792	-	-	73,792
Youth recreation	64,047	-	-	64,047
After school program	73,965	-	-	73,965
Adult recreation	25,446	-	-	25,446
Out & About	566,259	-	-	566,259
<b>Total program services</b>	<b>803,509</b>	<b>-</b>	<b>-</b>	<b>803,509</b>
<b>Supporting services:</b>				
Management and general	42,895	-	-	42,895
Fund raising	87,542	-	-	87,542
<b>Total supporting services</b>	<b>130,437</b>	<b>-</b>	<b>-</b>	<b>130,437</b>
<b>TOTAL EXPENSES</b>	<b>933,946</b>	<b>-</b>	<b>-</b>	<b>933,946</b>
<b>CHANGE IN NET ASSETS</b>	<b>81,625</b>	<b>82,115</b>	<b>-</b>	<b>163,740</b>
Net assets, beginning of year	429,382	162,159	458,273	1,049,814
Net assets, end of year	\$ 511,007	\$ 244,274	\$ 458,273	\$ 1,213,554

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

# ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS WITH PHYSICAL DISABILITIES

## Statement of Activities

Year ended December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUES</b>				
Contributions	\$ 198,335	\$ -	\$ -	\$ 198,335
United Way	395	162,159	-	162,554
Bequests from estates	970	-	-	970
Government payments - program services	566,277	-	-	566,277
Special events, net of direct expenses of \$45,760	81,245	-	-	81,245
Program fees	20,712	-	-	20,712
Investment income	(1,582)	-	-	(1,582)
Miscellaneous income	127	-	-	127
Net assets released from restrictions	139,800	(139,800)	-	-
<b>Total support and revenues</b>	<b>1,006,279</b>	<b>22,359</b>	<b>-</b>	<b>1,028,638</b>
<b>EXPENSES</b>				
<b>Program services:</b>				
Sports camp	58,772	-	-	58,772
Youth recreation	53,147	-	-	53,147
After school program	55,651	-	-	55,651
Adult recreation	33,016	-	-	33,016
Out & About	569,255	-	-	569,255
<b>Total program services</b>	<b>769,841</b>	<b>-</b>	<b>-</b>	<b>769,841</b>
<b>Supporting services:</b>				
Management and general	70,651	-	-	70,651
Fund raising	75,834	-	-	75,834
<b>Total supporting services</b>	<b>146,485</b>	<b>-</b>	<b>-</b>	<b>146,485</b>
<b>TOTAL EXPENSES</b>	<b>916,326</b>	<b>-</b>	<b>-</b>	<b>916,326</b>
<b>CHANGE IN NET ASSETS</b>	<b>89,953</b>	<b>22,359</b>	<b>-</b>	<b>112,312</b>
<b>Net assets, beginning of year</b>	<b>339,429</b>	<b>139,800</b>	<b>458,273</b>	<b>937,502</b>
<b>Net assets, end of year</b>	<b>\$ 429,382</b>	<b>\$ 162,159</b>	<b>\$ 458,273</b>	<b>\$ 1,049,814</b>

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

# ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS WITH PHYSICAL DISABILITIES

## Statement of Functional Expenses

Year ended December 31, 2012

	Program Services						Supporting Services				
	Sports Camp	Youth Recreation	After School Program	Adult Recreation	Out & About Program	Transportation	Total Program Services	Management and General	Fund Raising	Total	Total Expenses
<b>Staff salaries and support</b>											
Staff salaries	\$ 23,858	\$ 21,648	\$ 21,196	\$ 8,966	\$ 300,309	\$ 45,804	\$ 421,781	\$ 24,317	\$ 65,599	\$ 89,916	\$ 511,697
Payroll taxes and fringe benefits	3,350	3,427	2,831	1,400	45,271	6,611	62,890	5,340	10,803	16,143	79,033
Total staff salaries and support	27,208	25,075	24,027	10,366	345,580	52,415	484,671	29,657	76,402	106,059	590,730
<b>Operating expenses</b>											
Program supplies and client transportation	33,679	4,788	2,650	975	28,034	32,706	102,832	-	4,749	4,749	107,581
Equipment maintenance, repair and rental	316	253	253	443	3,574	22,379	27,218	737	1,248	1,985	29,203
Communications	276	332	279	441	3,732	1,872	6,932	314	146	460	7,392
Professional fees	1,202	962	962	1,683	13,586	3,848	22,243	852	962	1,814	24,057
Miscellaneous	905	1,020	1,046	86	6,309	1,446	10,812	2,491	546	3,037	13,849
Total operating expenses	36,378	7,355	5,190	3,628	55,235	62,251	170,037	4,394	7,651	12,045	182,082
<b>Facility expenses</b>											
Utilities, rent and sanitation	3,841	2,593	2,593	4,538	36,629	10,372	60,566	2,269	2,594	4,863	65,429
Insurance	833	666	666	1,166	9,412	24,433	37,176	6,460	666	7,126	44,302
Total facility expenses	4,674	3,259	3,259	5,704	46,041	34,805	97,742	8,729	3,260	11,989	109,731
<b>Transportation expenses</b>	5,532	28,358	41,489	5,619	118,586	(199,584)	-	-	-	-	-
<b>Depreciation</b>	-	-	-	129	817	50,113	51,059	115	229	344	51,403
Total expenses	\$ 73,792	\$ 64,047	\$ 73,965	\$ 25,446	\$ 566,259	\$ -	\$ 803,509	\$ 42,895	\$ 87,542	\$ 130,437	\$ 933,946

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



# ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS WITH PHYSICAL DISABILITIES

## Statement of Functional Expenses

Year ended December 31, 2011

	Program Services						Supporting Services				
	Sports Camp	Youth Recreation	After School Program	Adult Recreation	Out & About Program	Total Program Transportation Services	Management and General	Fund Raising	Total	Total Expenses	
<b>Staff salaries and support</b>											
Staff salaries	\$ 11,998	\$ 18,076	\$ 18,410	\$ 10,234	\$ 314,671	\$ 36,879	\$ 410,268	\$ 34,598	\$ 57,632	\$ 92,230	\$ 502,498
Payroll taxes and fringe benefits	2,196	2,339	2,461	1,871	52,713	5,216	66,796	11,692	9,793	21,485	88,281
Total staff salaries and support	14,194	20,415	20,871	12,105	367,384	42,095	477,064	46,290	67,425	113,715	590,779
<b>Operating expenses</b>											
Program supplies and client transportation	31,879	4,791	1,401	1,364	26,457	43,672	109,564	6,878	1,898	8,776	118,340
Equipment maintenance, repair and rental	347	277	277	485	3,915	17,740	23,041	731	1,272	2,003	25,044
Communications	279	348	244	453	3,857	1,958	7,139	377	140	517	7,656
Professional fees	903	722	722	1,264	10,203	2,889	16,703	5,258	722	5,980	22,683
Miscellaneous	656	809	344	34	4,748	1,922	8,513	2,552	812	3,364	11,877
Total operating expenses	34,064	6,947	2,988	3,600	49,180	68,181	164,960	15,796	4,844	20,640	185,600
<b>Facility expenses</b>											
Utilities, rent and sanitation	2,933	2,346	2,346	4,102	33,144	9,384	54,255	2,053	2,346	4,399	58,654
Insurance	833	666	666	1,166	9,412	27,788	40,531	6,236	666	6,902	47,433
Total facility expenses	3,766	3,012	3,012	5,268	42,556	37,172	94,786	8,289	3,012	11,301	106,087
<b>Transportation expenses</b>	6,748	22,773	28,780	11,732	108,165	(178,198)	-	-	-	-	-
<b>Depreciation</b>	-	-	-	311	1,970	30,750	33,031	276	553	829	33,860
Total expenses	\$ 58,772	\$ 53,147	\$ 55,651	\$ 33,016	\$ 569,255	\$ -	\$ 769,841	\$ 70,651	\$ 75,834	\$ 146,485	\$ 916,326

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

**ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS WITH  
PHYSICAL DISABILITIES**

**Statements of Cash Flows**

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 163,740	\$ 112,312
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	51,403	33,860
Unrealized (gain) loss on investments	(60,880)	16,892
Changes in assets and liabilities:		
Accounts receivable	(5,170)	(12,379)
Pledges receivable	(6,033)	(22,359)
Prepaid expenses and other	306	(4,665)
Accounts payable and accrued expenses	(5,462)	(2,128)
<b>Net cash provided by operating activities</b>	<b>137,904</b>	<b>121,533</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(97,696)	(3,201)
Purchases of investments	(18,822)	(15,310)
<b>Net cash used in investing activities</b>	<b>(116,518)</b>	<b>(18,511)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>21,386</b>	<b>103,022</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>163,628</b>	<b>60,606</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 185,014</b>	<b>\$ 163,628</b>

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

# ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS WITH PHYSICAL DISABILITIES

## Notes to Financial Statements

December 31, 2012

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### Note A - Summary of Significant Accounting Policies

St. Louis Society for Children and Adults with Physical Disabilities (the “Society”) is a Missouri not-for-profit corporation. Founded in 1927, the Society’s overriding philosophy is to provide opportunities for children and adults with disabilities to live full, productive lives. The Society empowers people with disabilities to develop skills for independence and to actively participate in the community and we accomplish this mission by providing:

- Personalized support focused on individual abilities.
- Innovative, community-based learning opportunities.
- Accessible, door-to-door transportation.
- Compassionate, family-oriented environment.
- Advocacy to enhance quality of life and to educate society.

The Society provides support services to children and adults with disabilities through a variety of programs and activities:

- **Society Camps** provide children and young adults an opportunity to become active participants, rather than observers. Using adaptive equipment and techniques, children participate in a variety of activities including, but not limited to, basketball, hockey, golf, music therapy, and martial arts. The Society currently offers a four day Sports Camp in the summer and a Winter Break Camp in late December.
- Our **Youth Recreation** program is comprised of two groups: Society Stars (ages six to thirteen) and Young Adults (ages fourteen to twenty-one, if still in school). Weekly Youth Recreation activities provide participants with opportunities to become part of the community through visits to venues in the St. Louis area. Over the course of a year, Society Stars and Young Adults can visit the Zoo, explore the Science Center, cheer on their favorite team, or create a work of art at a pottery class.
- The **After School Program** is held four days per week for students at Gateway Michael School in the City of St. Louis. The main goal of the After School Program is to encourage the students to feel comfortable and have fun in an environment focused on individual abilities. Students participate in ninety (90) minutes of recreational activities to build sporting skills, participate in art therapy, go on field trips, and build self-esteem.
- The **Adult Recreation** and **Out & About** programs provide adults with support services they need to be active in the community and in their pursuit of skills for independence. In cooperation with the Society staff, participants initiate and coordinate recreational and educational activities at venues throughout the St. Louis area. Through these activities participants learn to navigate the community, develop skills essential to independence, build relationships and independence, and lead an active life.

# ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS WITH PHYSICAL DISABILITIES

## Notes to Financial Statements - Continued

December 31, 2012

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### Note A – Summary of Significant Accounting Policies (Continued)

#### **Financial Statements Basis of Accounting and Presentation**

The Society uses the accrual basis of accounting and accounting principles generally accepted in the United States of America. The Society reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Unrestricted Net Assets* – Net assets and contributions not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* – Net assets and contributions subject to donor-imposed stipulations that may or will be met by actions of the Society and/or the passage of time. After the donor-imposed time or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported within the statement of activities as net assets released from restrictions.

*Permanently Restricted Net Assets* – Net assets and contributions subject to donor-imposed stipulations requiring that they be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on related investments for specific purposes.

#### **Cash and Cash Equivalents**

For purposes of the statement of financial position and cash flows, the Society considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximates market value.

#### **Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with funding sources having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end are immaterial.

# ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS WITH PHYSICAL DISABILITIES

## Notes to Financial Statements - Continued

December 31, 2012

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### Note A - Summary of Significant Accounting Policies (Continued)

#### Pledges Receivable

Pledges receivable are recognized in the period the pledge is made. Conditional pledges receivable are not recognized until they become unconditional, that is when the conditions are substantially met. Unconditional pledges expected to be collected in future years are recorded at the present value of expected future cash flows. The cash flows are discounted at a discount rate commensurate with the risks involved, at the date the pledge was made. When considered necessary, an allowance is recorded based on management estimate of uncollectibility including such factors as prior collection history, type of contribution, and the nature of fund-raising activity.

#### Contributions

Contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. Contributions received with restriction that are satisfied within the same year are recorded as increases in unrestricted net assets.

Pledges, including unconditional promises to give in future periods, are recognized as revenues in the period received. Conditional pledges receivable, which depend upon specified future and uncertain events, are recognized as revenue when the conditions upon which they depend are substantially met.

Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. Contributions of cash or other assets to be used to acquire property and equipment are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Contributions of services are recognized in the financial statements when they are received if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

Volunteers donate significant amounts of time to the Society in various capacities. However, these services have not been recognized in the financial statements since they do not require specialized skills. The value of these services is not readily determinable.

# ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS WITH PHYSICAL DISABILITIES

## Notes to Financial Statements - Continued

December 31, 2012

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### Note A - Summary of Significant Accounting Policies (Continued)

#### **Investments**

Investments are stated at fair market value under Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 820-10, *Fair Value Measurements and Disclosures*, three levels of inputs are established to measure fair value. Each level of input has different levels of subjectivity and difficulty involved in determining fair value. Level 1 instruments represent quoted prices in active markets for identical assets that the Society has the ability to access. Level 2 instruments include observable inputs other than Level 1 prices, such as quoted prices for similar instruments in markets with insufficient volume or infrequent transactions (less active markets). Level 3 instruments include unobservable inputs that require significant management judgment and subjectivity. The Society's investments consist of money market funds and mutual funds, and are carried at fair value based on quotes in active markets (Level 1).

The cost of investment securities sold is determined using the specific identification method. Unrealized gains and losses are included in the change in net assets. Investment income is included as an increase in unrestricted net assets in the accompanying statements of activities since its use is unrestricted. See Note D for additional disclosures.

#### **Property and Equipment**

Property and equipment are carried at cost. Donations of property are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as restricted support. Absent donors stipulations regarding how long those donated assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Society reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives.

#### **Functional Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expense. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the estimates of management at that time. Transportation services are provided for each program offered by the Society. As a result, during the years ended December 31, 2012 and 2011, the Society allocated transportation expenses to each program.

# ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS WITH PHYSICAL DISABILITIES

## Notes to Financial Statements - Continued

December 31, 2012

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### Note A - Summary of Significant Accounting Policies (Continued)

#### Income Tax Status

The Society constitutes a qualified not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes.

The Society has addressed the provisions of ASC 740, *Accounting for Income Taxes*. In that regard, the Society has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings and believes that no provision for income taxes is necessary, at this time, to cover any uncertain tax positions. The Society's federal Form 990 for tax years 2008 and later remain subject to examination by taxing authorities.

#### Use of Estimates

The preparation of financial statements 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 receipts and expenditures during the reporting period. Actual results could differ from those estimates.

#### Subsequent Events

The Society evaluated all subsequent events through April 25, 2013, the date the financial statements were available to be issued.

### Note B - Cash and Cash Equivalents

During the years ended December 31, 2012 and 2011, cash consisted of the following designations:

	<u>2012</u>	<u>2011</u>
Operating cash	\$ <b>84,132</b>	\$ 62,746
Endowment – Board Designated cash	<u><b>100,882</b></u>	<u>100,882</u>
Total	<u><b>\$ 185,014</b></u>	<u>\$ 163,628</u>

# ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS WITH PHYSICAL DISABILITIES

## Notes to Financial Statements - Continued

December 31, 2012

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### Note C - Pledges Receivable

Pledges receivable for the years ended December 31, 2012 and 2011, consists of a pledge related to the Society's United Way allocation in the amount of \$168,192 and \$162,159, respectively, all of which is collectible within one year.

### Note D - Investments

The Society invests in various securities including money market and mutual funds. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and those changes could negatively affect the amount reported in the statement of financial position.

Investments are stated at fair value and at December 31, 2012 and 2011 consist of:

	<u>2012</u> (Level 1)	<u>2011</u> (Level 1)
Money market funds	\$ 4,618	\$ 4,618
Mutual funds	<u>670,347</u>	<u>590,645</u>
Total	<u>\$ 674,965</u>	<u>\$ 595,263</u>

Investment income (loss) consists of:

	<u>2012</u>	<u>2011</u>
Dividends	\$ 18,822	\$ 15,310
Net unrealized gains (losses) on investments	<u>60,880</u>	<u>(16,892)</u>
Investment income (loss)	<u>\$ 79,702</u>	<u>\$ (1,582)</u>



**ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS WITH  
PHYSICAL DISABILITIES**

**Notes to Financial Statements - Continued**

December 31, 2012

**Note E - Property and Equipment**

	<u>2012</u>	<u>2011</u>
Transportation equipment	\$ 289,455	\$ 202,823
Recreation equipment	23,577	23,577
Office equipment	<u>82,093</u>	<u>81,688</u>
Property and equipment, at cost	395,125	308,088
Less accumulated depreciation	<u>(287,110)</u>	<u>(246,366)</u>
Property and Equipment, net	<u>\$ 108,015</u>	<u>\$ 61,722</u>

Depreciation expense for 2012 and 2011 totaled \$51,403 and \$33,860, respectively.

**Note F - Operating Leases**

The Society leases office space and office equipment from unrelated parties under operating leases that have non-cancellable lease terms in excess of one year. Obligations under the office leases are:

<u>Years ending December 31,</u>	<u>Amount</u>
2013	\$ 65,360
2014	9,800

During the years ended December 31, 2012 and 2011, rent expense was \$63,708 and \$57,622, respectively.

**Note G - Temporarily Restricted Net Assets**

The Society's temporarily restricted net assets as of December 31, 2012 and 2011 are available for the following purposes or periods:

	<u>2012</u>	<u>2011</u>
Program Restricted:		
Sports Camp	\$ 4,000	\$ -
Endowment	54,115	-
Accessible Vans	<u>18,000</u>	<u>-</u>
	76,115	-
Time Restricted - United Way	<u>168,159</u>	<u>162,159</u>
	<u>\$ 244,274</u>	<u>\$ 162,159</u>

# ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS WITH PHYSICAL DISABILITIES

## Notes to Financial Statements - Continued

December 31, 2012

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### Note G - Temporarily Restricted Net Assets (Continued)

In 2012, the Society received a contribution from the Boeing Employee Community Foundation to be used for the 2013 Sports Camp, which is scheduled to be held May 28 through May 31, 2013. The Productive Living Board and Missouri Department of Transportation provided one-time grants to assist with the purchase of two vans. The Society acquired the vans in 2012 and will be reimbursed by the Productive Living Board in 2013. The United Way pledge will be paid in full during 2013 through equal monthly installments.

Net assets released:

Expiration of time restrictions	\$ <u>162,159</u>	\$ <u>139,800</u>
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### Note H - Concentrations

The Society received 56.5% and 59.5% of its revenue from two funding sources in 2012 and 2011, respectively. Management believes support from these funding sources will remain stable in 2013.

### Note I - Endowment Funds

The Society follows the requirements stipulated in the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Society's endowment includes both donor-restricted and board designated endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Society classifies donor-designated permanently restricted net assets as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-designated endowment that is not classified in permanently restricted net assets is classified as unrestricted net assets until those amounts are appropriated for expenditure by the Society.

Realized gains as well as the net appreciation of permanent endowment funds may be expended for the same purpose as the endowment was established, unless explicit donor restrictions specify other treatment.

# ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS WITH PHYSICAL DISABILITIES

## Notes to Financial Statements - Continued

December 31, 2012

### Note I - Endowment Funds (Continued)

The Board of Directors adopted the following policies related to the endowment fund:

- Build non-designated Endowment principal to fund a minimum of twelve months of operations in the event of a catastrophic loss (i.e., more than 50%) of funding.
- Manage the Endowment in accordance with state and federal investment guidelines established for not-for-profits.
- Utilize a diversified investment strategy giving consideration to preservation of principal, generation of both growth and income and diversity of investment vehicles with ratings of AA or above unless approved by the Board of Directors.
- Provide annual realized investment income sufficient to supplement operations as deemed necessary.

The following table correctly summarizes the endowment activity for the years ended December 31, 2012 and 2011:

Change in Endowment Assets:

December 31, 2012	Permanently Restricted Donor- Designated	Temporarily Restricted Donor- Designated	Unrestricted Board- Designated	Total
Endowment net assets, beginning of year	\$ 458,273	\$ -	\$ 236,290	\$ 694,563
Dividends, net of investment expenses	-	12,779	6,043	18,822
Net appreciation (depreciation)	-	41,335	19,545	60,880
Contributions	-	-	-	-
Change in endowment net assets	-	54,114	25,588	79,702
Endowment net assets, end of year	\$ 458,273	\$ 54,114	\$ 261,878	\$ 774,265
December 31, 2011	Permanently Restricted Donor- Designated	Temporarily Restricted Donor- Designated	Unrestricted Board- Designated	Total
Endowment net assets, beginning of year	\$ 458,273	\$ -	\$ 136,990	\$ 595,263
Dividends, net of investment expenses	-	-	15,310	15,310
Net appreciation (depreciation)	-	-	(16,892)	(16,892)
Contributions	-	-	100,882	100,882
Change in endowment net assets	-	-	99,300	99,300
Endowment net assets, end of year	\$ 458,273	\$ -	\$ 236,290	\$ 694,563

**ST. LOUIS SOCIETY FOR CHILDREN AND ADULTS WITH  
PHYSICAL DISABILITIES**

**Notes to Financial Statements - Continued**

December 31, 2012

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**Note J - Simple IRA Retirement Plan**

During 2012, the Society established a simple IRA plan for its employees, matching 100% of contributions up to 3%. Matching contributions were \$5,990 for the year ended December 31, 2012.