

MERIDEN CHILDREN FIRST INITIATIVE, INC.

Financial Statements

December 31, 2010

To the Board of Directors of
Meriden Children First Initiative, Inc.
Meriden, Connecticut

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of financial position of the Meriden Children First Initiative, Inc. as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 the 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 Meriden Children First Initiative, Inc. as of December 31, 2010, 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.

Davis, Masella & Phillips, LLC, CPAs

May 13, 2011

MERIDEN CHILDREN FIRST INITIATIVE, INC.
STATEMENT OF FINANCIAL POSITION
For the year ended December 31, 2010

ASSETS

CURRENT ASSETS	
Cash	\$51,661
Prepaid Expenses	<u>1,234</u>
Total Current Assets	<u>52,895</u>
Property & Equipment (net of accumulated depreciation)	<u>3,301</u>
TOTAL ASSETS	<u>\$56,196</u>

LIABILITIES & NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	4,401
Accrued Payroll	<u>3,123</u>
Total Current Liabilities	<u>7,524</u>
NET ASSETS	
Unrestricted Net Assets	<u>48,672</u>
Total Net Assets	<u>48,672</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$56,196</u>

See auditor's report and accompanying notes.

MERIDEN CHILDREN FIRST INITIATIVE, INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT & REVENUE:			
Grants and Contributions	\$218,880	\$ --	\$218,880
Interest Income	313	--	313
In Kind Contributions	10,000	--	10,000
Total Support & Revenue	<u>229,193</u>	<u>-0-</u>	<u>229,193</u>
EXPENSES:			
Salaries and Wages	119,469	33,750	153,219
Consultants & Teachers	21,834	--	21,834
Professional Fees	18,605	--	18,605
Employee Health & Retirement Benefits	14,956	--	14,956
Payroll Taxes	14,563	--	14,563
Occupancy	10,000	--	10,000
Printing	8,750	--	8,750
Conferences & Meetings	7,739	--	7,739
Telephone	6,519	--	6,519
Insurance	6,506	--	6,506
Supplies	5,559	--	5,559
Childcare & Transportation	3,485	--	3,485
Travel & Mileage	1,974	--	1,974
Miscellaneous	1,843	--	1,843
Dues & Subscriptions	1,645	--	1,645
Depreciation	1,631	--	1,631
Web Hosting	728	--	728
Promotional	576	--	576
Postage	315	--	315
Loss on disposal of fixed assets	275	--	275
License & Registration	100	--	100
Total Expenses	<u>247,072</u>	<u>33,750</u>	<u>280,822</u>
Change in net assets	(17,879)	(33,750)	(51,629)
NET ASSETS, beginning of year	<u>66,551</u>	<u>33,750</u>	<u>100,301</u>
NET ASSETS, end of year	<u>\$ 48,672</u>	<u>\$ -0-</u>	<u>\$ 48,672</u>

See auditor's report and accompanying notes.

MERIDEN CHILDREN FIRST INITIATIVE, INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2010

Cash Flows from Operating
Activities:

Change in Net Assets	(\$ 51,629)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation	1,631
(Increase) Decrease in Assets:	
Prepaid Expenses	(85)
Increase (Decrease) in Liabilities:	
Accounts and Accrued Expense Payable	<u>2,649</u>
Net cash provided by Operating Activities	(<u>47,434</u>)

Cash flows from investing activities:

Purchase of fixed assets	(2,119)
Loss on disposal of fixed asset	<u>275</u>
Net cash used in investing activities	(<u>1,844</u>)
Net Increase (Decrease) in Cash	(49,278)
Cash, Beginning of Year	<u>100,939</u>
Cash, End of Year	<u>\$ 51,661</u>

Supplementary Information:

Cash paid during the year for: Interest \$-0-

See auditor's report and accompanying notes.

MERIDEN CHILDREN FIRST INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

1 Organization

The Meriden Children First Initiative, Inc., a not for profit organization, provides various support services to children and their families in the greater Meriden, Connecticut area. Its primary source of revenue is municipal, corporate, and foundation grants. The Organization administers and coordinates activities and programs to serve the physical, social, emotional and other needs of children in the community.

2 Summary of Significant Accounting Policies

Basis of Accounting - The Organization prepares its financial statements using the accrual basis of accounting whereby revenues are recognized when earned rather than when received and expenses when incurred rather than when paid. Grant income received in 2010 will be used to pay operating expenses in 2010. The Organization will pursue renewal of various grants on an annual basis.

Financial Statement Presentation - The Organization records and reports all financial transactions according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. All balances and transactions are classified as unrestricted except those items specifically restricted by a donor. The Organization has no permanently restricted assets at this time.

Accounts Receivable - The Organization has elected to record bad debt expense using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debt expense. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Property and Equipment - Property and equipment are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Assets with a useful life of more than one year are generally capitalized.

MERIDEN CHILDREN FIRST INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

2 Summary of Significant Accounting Policies(Continued)

Estimates - The preparation of financial statements in conformity with U.S. 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.

In-kind Contribution - Contributed use of facilities is recorded as support and expenses at fair market value when determinable, otherwise at values indicated by the donor. The Organization received the use of facilities to operate valued at \$10,000 for the year ended December 31, 2010. The value of any time and services contributed by volunteers to the Organization are not reflected in the financial statements because they do not meet the recognition criteria of FASB Statement No. 116, "Accounting for Contributions Received and Contributions Made."

3 Income Taxes

The Meriden Children First Initiative, Inc., which is not a private foundation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and accordingly no provision has been made for income taxes.

4 Concentration of Credit Risk for Cash Held in Bank

Financial instruments, which potentially subject the Organization to concentration of credit risk, consist principally of temporary cash investments and certificates of deposit. The Organization places its temporary cash and other investments with high-credit, quality financial institutions and securities dealers, which may exceed federally and privately insured amounts at times. The Organization does not believe that it is exposed to any significant credit risk on uninsured amounts.

MERIDEN CHILDREN FIRST INITIATIVE, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2010

5 Property and Equipment

The major class of property and equipment at December 31, 2010 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Furniture and equipment	\$ <u>12,935</u>	\$ <u>9,634</u>	\$ <u>3,301</u>

Fixed assets are depreciated using the straight-line method over the estimated useful life of the asset.

6 Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all cash in bank checking accounts and investments in highly liquid debt instruments with maturities of three months or less when purchased to be cash equivalents.

7 Expenses by Function

Expenses (excluding occupancy) by function are as follows:

Program services:	
Parent Support	\$ 77,558
Family Zone	73,144
Healthcare	54,211
Meriden Parent Leadership Training Institute	<u>26,170</u>
Total Program Services	231,083
Management and General	<u>39,739</u>
	<u>\$270,822</u>

8 Employee Benefits - Retirement Plan

The Meriden Children First Initiative, Inc. provides its employees with the option to participate in a tax deferred annuity or ROTH individual retirement annuity managed by Mutual of America. There are no employer contributions. As of December 31, 2010, one employee was participating in the plan.

MERIDEN CHILDREN FIRST INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

8 Employee Benefits - Retirement Plan (Continued)

The Meriden Children First Initiative, Inc. also has a Simplified Employee Pension retirement plan administered by Mutual of America. All employees who have attained age 21, who are expected to work more than 1,000 hours per year, and have compensation of at least \$400 during the year are eligible. Employer contributions totaled \$4,656 for the year ended December 31, 2010.

9 CT Parent Power Program

Effective January 1, 2010 CT Parent Power ended its fiduciary affiliation with Meriden Children First Initiative, Inc. It began a new relationship with CT Association of Human Services of Hartford, Connecticut and has moved its remaining assets there. Meriden Children First has had no residual impact from this change although they may work together on common early childhood issues in the future.

10 Evaluation of Subsequent Events

The organization has evaluated subsequent events through May 13, 2011, the date which the financial statements were available to be issued.