McGladrey & Pullen
Certified Public Accountants

The Family Center, Inc.

Financial Report in Accordance with *Government Auditing Standards* and OMB Circular A-133

June 30, 2009

Contents

INTRODUCTION

Background

The Family Center ("TFC") provides direct services, conducts research, disseminates information and leads advocacy efforts designed to assist seriously ill parents in planning for the future of their children.

Scope of Audit

The financial audit of TFC was performed in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* The audit covered the 12-month period ended June 30, 2009 and fieldwork was performed during the periods July 15, 2009 to July 16, 2009 and from September 14, 2009 to September 18, 2009.

The following were the principal objectives of the organization-wide audit:

- The expression of an opinion on the statement of financial position as of June 30, 2009, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended;

- The expression of an opinion on the schedule of expenditures of federal awards for the year ended June 30, 2009;

- The assessment of TFC's internal accounting and administrative control structures;

- The performance of cost validations of transaction costs on a test basis;

- The assessment, on a test basis, of TFC's compliance with the prescribed U.S. Department of Health and Human Services cost principles (45 CFR 74, as amended, subpart Q) for selected functional types of costs; and

- To ascertain whether costs claimed for funding under specific grants are fairly presented in conformity with the terms of the grant and related U.S. Department of Health and Human Services cost principles.

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
The Family Center, Inc.
New York, New York

We have audited the accompanying statement of financial position of The Family Center, Inc. ("TFC") as of June 30, 2009, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of TFC'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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 The Family Center, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2009 on our consideration of TFC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

McGladrey & Pullen, LLP

New York, New York
December 24, 2009

The Family Center, Inc.

Statement of Financial Position
June 30, 2009

ASSETS	
Cash	$ 1,369,324
DHHS Grants Receivable (Note 3)	328,963
Contributions Receivable (Note 4)	537,500
Contract Services and Other Grants Receivable (Note 5)	628,579
Prepaid Expenses and Other Assets	257,543
Total current assets	3,121,909
Property and Equipment, net (Note 6)	798,833
Total assets	$ 3,920,742
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable and accrued expenses	$ 129,773
Accrued compensation	142,151
Refundable advances	216,557
Total liabilities	488,481
Commitments and Contingencies (Notes 6, 11, and 12)	
Net Assets:	
Unrestricted	1,184,470
Unrestricted board-designated	1,200,000
Total unrestricted net assets	2,384,470
Temporarily restricted (Note 9)	1,047,791
Total net assets	3,432,261
Total liabilities and net assets	$ 3,920,742

See Notes to Financial Statements.

The Family Center, Inc.

Statement of Activities and Changes in Net Assets
Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total
Revenue:			
DHHS grants (Note 8)	$ 1,035,966	$ -	$ 1,035,966
Contributions (Note 9)	235,863	782,044	1,017,907
Contract services and other grants (Note 10)	2,476,160	-	2,476,160
Other income	85,733	-	85,733
Net assets released from restrictions	836,221	(836,221)	-
Total revenue	4,669,943	(54,177)	4,615,766
Expenses:			
Program services:			
Social services	2,469,149	-	2,469,149
Legal services	519,613	-	519,613
Child welfare	638,861	-	638,861
Total program services	3,627,623	-	3,627,623
Supporting Services:			
General and administrative	605,928	-	605,928
Fund-raising	304,664	-	304,664
Total supporting services	910,592	-	910,592
Total expenses	4,538,215	-	4,538,215
Increase (decrease) in net assets	131,728	(54,177)	77,551
Net Assets:			
Beginning	2,252,742	1,101,968	3,354,710
Ending	$ 2,384,470	$ 1,047,791	$ 3,432,261

See Notes to Financial Statements.

The Family Center, Inc.

Statement of Functional Expenses
Year Ended June 30, 2009

	Program Services				Supporting Services			
	Social Services	Legal Services	Child Welfare	Subtotal	General and Administrative	Fund-raising	Subtotal	Total
Salaries and wages	$ 1,362,392	$ 286,705	$ 352,502	$ 2,001,599	$ 236,068	$ 162,777	$ 398,845	$ 2,400,444
Fringe benefits	319,956	67,332	82,785	470,073	55,440	38,228	93,668	563,741
Total personal costs	1,682,348	354,037	435,287	2,471,672	291,508	201,005	492,513	2,964,185
Professional fees	297,876	62,686	77,072	437,634	120,693	35,590	156,283	593,917
Supplies	20,279	4,267	5,247	29,793	3,514	22,910	26,424	56,217
Occupancy costs	273,222	57,497	70,693	401,412	47,342	32,644	79,986	481,398
Direct service to clients	90,664	19,080	23,458	133,202	-	-	-	133,202
Insurance	17,965	3,781	4,648	26,394	3,113	2,146	5,259	31,653
Postage and printing	12,376	2,604	3,202	18,182	2,144	1,479	3,623	21,805
Communication	15,445	3,250	3,996	22,691	2,676	1,845	4,521	27,212
Equipment rental and maintenance	26,877	5,656	6,954	39,487	4,657	3,211	7,868	47,355
Travel	23,079	4,857	5,971	33,907	3,999	2,757	6,756	40,663
Office expenses	9,018	1,898	2,333	13,249	1,564	1,077	2,641	15,890
	786,801	165,576	203,574	1,155,951	189,702	103,659	293,361	1,449,312
Depreciation	-	-	-	-	124,718	-	124,718	124,718
Total functional expenses	$ 2,469,149	$ 519,613	$ 638,861	$ 3,627,623	$ 605,928	$ 304,664	$ 910,592	$ 4,538,215

See Notes to Financial Statements.

The Family Center, Inc.

Statement of Cash Flows
Year Ended June 30, 2009

Cash Flows From Operating Activities:	
Increase in net assets	$ 77,551
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	124,718
Changes in operating assets and liabilities:	
Increase in DHHS grants receivable	(137,910)
Decrease in contributions receivable	38,500
Decrease in contract services and other grants receivable	191,794
Decrease in prepaid expenses and other assets	47,952
Increase in accounts payable and accrued expenses	23,148
Decrease in accrued compensation	(19,062)
Decrease in refundable advances	(107,250)
Total adjustments	161,890
Net cash provided by operating activities	239,441
Cash Used in Investing Activity - purchase of property and equipment	(12,851)
Net increase in cash	226,590
Cash:	
Beginning	1,142,734
Ending	$ 1,369,324

See Notes to Financial Statements.

Note 1. Organization

The Family Center, Inc. ("TFC") is a not-for-profit organization whose mission is to create a better future for children whose parents have a life threatening illness. TFC is guided by beliefs that every child deserves answers to the questions: "Is it my fault?," "Will I get sick?," and Who will take care of me?" TFC provides direct services, conducts research, disseminates information and leads advocacy efforts designed to assist seriously ill parents in planning for the future of their children.

Note 2. Significant Accounting Policies

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 disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

TFC maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. TFC has not experienced any losses in such accounts.

Property and equipment is recorded at cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, which range from 5 to 10 years. Leasehold improvements are amortized on a straight-line basis over the estimated useful life of the improvement. TFC capitalizes all purchases of property and equipment in excess of $1,000.

Contributions are recorded as either temporarily or permanently restricted revenue if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as unrestricted revenue.

Revenue from government grants and contracts designated for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions. Grants and contracts awarded for the acquisition of long-lived assets are reported as unrestricted nonoperating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as refundable advances. At June 30, 2009, TFC has received conditional grants and contracts from governmental entities in the aggregate amount of $3,058,549 that has not been recorded in these financial statements. These grants and contracts require TFC to provide certain services during specified periods. If such services are not provided during the periods, the governmental entities are not obligated to expend the funds allotted under the grants and contracts.

TFC was organized as a not-for-profit corporation under the laws of the State of New York and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, there is no provision for income taxes.

Note 2. Significant Accounting Policies (Continued)

In June 2006, the Financial Accounting Standards Board (the "FASB") issued FASB Interpretation No. 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109*. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return, including positions that TFC is exempt from income taxes or not subject to income taxes on unrelated business income. If there are changes in net assets as a result of application of FIN 48, these will be accounted for as an adjustment to the opening balance of net assets. Additional disclosures about the amounts of such liabilities will be required also. TFC presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax benefits by applying FASB Statement No. 5, *Accounting for Contingencies*. TFC has elected to defer the application of FIN 48 in accordance with FASB Staff Position ("FSP") FIN 48-3. TFC will be required to adopt FIN 48 in its 2010 annual financial statements. Management has not assessed the impact of FIN 48 on its financial position and results of operations and has not determined if the adoption of FIN 48 will have a material effect on its financial statements.

TFC adopted Statement of Financial Accounting Standards No. 157 ("SFAS No. 157"), *Fair Value Measurements*, effective July 1, 2008 for financial assets and liabilities. SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. The adoption of SFAS No. 157 did not have a material impact on the financial statements or results of operations of TFC. In accordance with FSP No. 157-2, *Effective Date of FASB Statement No. 157*, TFC will delay adoption of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities such as goodwill, other intangibles, real estate owned and repossessed assets until July 1, 2010. SFAS No. 157 applies to all assets and liabilities that are measured and reported on a fair value basis.

TFC evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are issued, which was December 24, 2009 for these financial statements.

Note 3. DHHS Grants Receivable

Grants receivable consist of the following:

Coordinated Services and Access to Research for Women, Infants, Children, and Youth	$	214,839
Abandoned Infants		114,124
	$	328,963

Note 4. Contributions Receivable

Contributions receivable consist of the following:

Susan G. Komen Foundation	$ 37,500
Robin Hood Foundation	500,000
	$ 537,500

Note 5. Contract Services and Other Grants Receivable

Contract services and other grants receivable consist of the following:

Department of Youth and Community Development	$ 62,727
NYC Administration for Children Services	243,228
Public Health Solutions:	
Case Management Services	46,886
Supportive Counseling and Family Stabilization Services	62,363
Legal Services	35,208
Housing Opportunity for Persons with AIDS	5,565
New York State Department of Health:	
Families in Transition	31,727
Cancer Program	62,621
Office of Children and Family Services	40,229
NYC Department of the Aging	38,025
	$ 628,579

Note 6. Property and Equipment, Net

Property and equipment, net, at cost, consists of the following:

Leasehold improvements	$ 871,435
Equipment	25,000
Furniture and fixtures	190,870
	1,087,305
Less accumulated depreciation	(288,472)
	$ 798,833

In the event the DHHS grants are terminated, the DHHS reserves the right to transfer all property and equipment purchased with grant funds to PHS or third parties.

Note 7. Line of Credit

TFC has an available line of credit with a bank in the amount of $200,000 at a rate of 0.50% above the bank's prime rate, adjusted as and when such prime rate changes, which was 3.25% as of June 30, 2009. There is no outstanding balance at June 30, 2009.

Note 8. DHHS Grants

For the ended June 30, 2009, TFC received the following grants from the DHHS:

Grant Number	Grant Period	Total Grant	Unrestricted Revenue Recognized
6 H12 HA 00076-12-03	08/01/07-07/31/08	$ 843,236	$ 112,700
5 H12 HA 00076-13-00	08/01/08-07/31/09	773,236	718,073
90CB0167-01	09/30/08-09/30/09	475,000	205,193
			$ 1,035,966

Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2009:

Robin Hood Foundation (FY 2010)	$ 468,153
The Pfizer Foundation (2008)	14,044
The Pfizer Foundation (2009)	108,400
Susan G. Komen Foundation (Project Talk - 2009)	49,781
Capital Campaign	283,409
Stan Herman CFDA Foundation	30,107
The Deerfield Partnership Foundation	52,297
Duane Reade Charitable Foundation	10,000
Thomas Phillips & Jane Moore Johnson Family Foundation	25,000
Credit Suisse	6,600
	$ 1,047,791

Note 9. Temporarily Restricted Net Assets (Continued)

Net assets were released from donor temporary restrictions by incurring expenses satisfying the restricted purposes as of June 30, 2009 as follows:

Robin Hood Foundation (FY 2009)	$ 442,296
Robin Hood Foundation (FY 2010)	31,847
The Pfizer Foundation (2008)	115,757
Susan G. Komen Foundation (Project Talk - 2008)	58,890
Susan G. Komen Foundation (Project Talk - 2009)	25,219
Lehman Brothers Foundation (Capital Campaign)	25,000
Capital Campaign	25,224
Laura B Volger Foundation (Capital Campaign)	2,500
Bloom 2009	51,892
Stan Herman CFDA Foundation	9,893
The Deerfield Partnership Foundation	47,703
	$ 836,221

Note 10. Contract Services and Other Grants

For the year ended June 30, 2009, contract services and other grants consist of the following:

Department of Youth and Community Development	$ 88,880
NYC Administration for Children Services	632,214
Public Health Solutions:	
Case Management Services	393,943
Supportive Counseling and Family Stabilization Services	447,349
Legal Services	161,072
Housing Opportunity for Persons with AIDS	26,233
New York State Department of Health:	
Families in Transition	152,420
Cancer Program	85,292
Office of Children and Family Services	158,293
NYC Department of the Aging	330,464
	$ 2,476,160

Note 11. Pension Plan

TFC has a defined contribution pension plan covering substantially all employees who meet certain eligibility requirements. The percentage of salary contributed to the plan varies annually. Pension expenses amount to $45,048 for the year ended June 30, 2009.

Note 12. Commitments and Contingencies

TFC subleases office space under a noncancelable operating lease. Rent expense for the year ended June 30, 2009 amounted to $420,320. Future minimum lease payments under this noncancelable operating lease are as follows:

Year ending June 30,	
2010	$ 427,509
2011	440,500
2012	465,600
2013	455,373
2014	468,978
Thereafter	1,275,510
	$ 3,533,470

TFC has contracted with various funding agencies to perform certain services, and receives revenue from the State of New York. Reimbursement received under these contracts is subject to audit by the state governments and other agencies. Upon audit, if discrepancies are discovered, TFC could be held responsible for refunding the amounts in question.

McGladrey & Pullen
Certified Public Accountants

The Family Center, Inc.

Internal Controls and Compliance Section

June 30, 2009

McGladrey & Pullen
Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
The Family Center, Inc.
New York, New York

We have audited the financial statements of The Family Center, Inc. ("TFC") as of and for the year ended June 30, 2009, and have issued our report thereon dated December 24, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

<u>Internal Control Over Financial Reporting</u> - In planning and performing our audit, we considered TFC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TFC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of TFC's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters - As part of obtaining reasonable assurance about whether TFC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the board of directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

New York, New York
December 24, 2009

McGladrey & Pullen
Certified Public Accountants

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Directors
The Family Center, Inc.
New York, New York

Compliance - We have audited the compliance of The Family Center ("TFC") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2009. TFC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs are the responsibility of TFC's management. Our responsibility is to express an opinion on TFC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TFC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of TFC's compliance with those requirements.

In our opinion, TFC complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance - The management of TFC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered TFC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of TFC's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

New York, New York
December 24, 2009

The Family Center, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	___ yes _√_ no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ yes _√_ none reported
Noncompliance material to financial statements noted?	___ yes _√_ no

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	___ yes _√_ no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ yes _√_ none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	___ yes _√_ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	U.S. Department of Health and Human Services:
93.153	Coordinated Services and Access to Research for Women, Infants, Children, and Youth
	Passed through the NYC Children's Services:
93.667	Social Service Block Grant
	Passed through Public Health Solutions:
93.914	HIV Emergency Relief Project Grants
	Passed through the City of New York Department for the Aging:
93.052	National Family Caregiver Support, Title III, Part E

Dollar threshold used to distinguish between type A and type B programs:	$300,000
Auditee qualified as low-risk auditee?	_√_ yes ___ no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

The Family Center, Inc.

Status of Prior-Year's Findings
Year Ended June 30, 2009

There were no prior-year audit findings.

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Supplementary Information - Schedule of Expenditures of Federal Awards

To the Board of Directors
The Family Center, Inc.
New York, New York

We have audited the basic financial statements of The Family Center, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated December 24, 2009. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133*, Audit of States, Local Governments and Non-Profit Organizations,* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

New York, New York
December 24, 2009

The Family Center, Inc.

Supplementary Information

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009
See Auditor's Report

Agency or Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Direct programs:			
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	N/A	$ 830,773
Abandoned Infants	93.551	N/A	205,193
Passed through the NYC Children's Services:			
Social Services Block Grant	93.667	20090037321	632,214
Passed through the New York State Office of Children and Family Services:			
Temporary Assistance for Needy Families	93.558	C024348	158,293
Passed through Public Health Solutions:			
HIV Emergency Relief Project Grants	93.914	93-OPR-4699 06-SCF-4699 06-ADV-4699	1,002,364
Passed through the City of New York Department of Youth and Community Development:			
Community Services Block Grant	93.569	120806	88,880
Passed through the City of New York Department for the Aging:			
National Family Caregiver Support, Title III, Part E	93.052	6K4	330,464
Total U.S. Department of Health and Human Services			3,248,181
U.S. Department of Housing and Urban Development:			
Passed through Public Health Solutions:			
Housing Opportunities for Persons with AIDS	14.241	06-ADV-4699H	26,233
Total federal awards			$ 3,274,414

Note 1. Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of TFC and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Subrecipients

Of the federal expenditures presented in this schedule, no federal awards were provided to subrecipients.

McGladrey & Pullen
Certified Public Accountants

The Family Center, Inc.

ACS - YouthNet Program

Financial Report

June 30, 2009

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report on Supplementary Information

To the Board of Directors
The Family Center, Inc.
New York, New York

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

New York, New York
December 24, 2009

The Family Center, Inc.

Supplementary Information

ACS - YouthNet
Program ID: 08-IC-FAMILYCTR-BK
Statement of Revenues and Expenditures
Year Ended June 30, 2009

	CAPS Approved Budget (Unaudited)	CAPS Actual Amounts	CAPS Variance Favorable/ (Unfavorable)	Questioned Costs
Revenue:				
ACS revenue	$ 644,466	$ 632,214	$ 12,252	
Expenditures:				
PS expenditures:				
Salaries	360,260	353,459	$ 6,801	
Fringe benefits	82,427	84,037	(1,610)	
Total PS expenditures	442,687	437,496	5,191	
OTPS expenditures:				
Consultants	75,966	84,496	(8,530)	
Rent and utilities	35,501	38,862	(3,361)	
Other OTPS	90,312	36,260	54,052	
Total OTPS expenditures	201,779	159,618	42,161	
Total PS and OTPS expenditures	644,466	597,114	47,352	$ -
Total expenditures	644,466	597,114	$ 47,352	$ -
Less questioned costs		-		
Total allowable costs		597,114		
Excess of revenue over expenditures	$ -	$ 35,100		

The Family Center, Inc.

Supplementary Information

ACS - YouthNet
Program ID: 08-IC-FAMILYCTR-BK
Schedule of Salaries
Year Ended June 30, 2009

Title	CAPS Approved Budget (Unaudited)	CAPS Actual Amounts	CAPS Variance Favorable/ (Unfavorable)
Executive Director	$ 9,350	$ 9,173	$ 177
Deputy Executive Director	6,237	6,119	118
Program Director	69,457	68,146	1,311
Supervisor	62,002	60,832	1,170
Social Worker	44,063	43,231	832
Social Worker	41,044	40,269	775
Social Worker	41,786	40,997	789
Social Worker	48,951	48,027	924
Family Coordinator	34,931	34,272	659
Case Aide	2,439	2,393	46
Total salaries	$ 360,260	$ 353,459	$ 6,801

The Family Center, Inc.

Supplementary Information

ACS - YouthNet
Program ID: 08-IC-FAMILYCTR-BK
Schedule of Fringe Benefits
Year Ended June 30, 2009

Description	Rate %	CAPS Approved Budget (Unaudited)	CAPS Actual Amounts	CAPS Variance Favorable/ (Unfavorable)
FICA	7.65	$ 27,560	$ 27,363	$ 197
Unemployment tax	0.73	1,945	2,608	(663)
Disability	0.31	432	1,095	(663)
Workers compensation	1.49	4,827	5,312	(485)
Health insurance	10.60	42,413	37,923	4,490
Pension	1.88	5,250	6,712	(1,462)
Educational reimbursement	0.18	-	659	(659)
Workplace wellness program	0.02	-	60	(60)
Dental	0.63	-	2,271	(2,271)
Total	23.49	$ 82,427	$ 84,037	$ (1,576)

The Family Center, Inc.

Supplementary Information

ACS - YouthNet
Program ID: 08-IC-FAMILYCTR-BK
Schedule of Fixed Assets
Year Ended June 30, 2009

Purchased with ACS Funds	Serial No.	Date Purchased	Cost
None			

The Family Center, Inc.

Supplementary Information

ACS - YouthNet
Program ID: 08-IC-FAMILYCTR-BK
Schedule of Questioned Costs
Year Ended June 30, 2009

	Questioned Costs
Total questioned costs	$ -

The Family Center, Inc.

Supplementary Information

ACS - YouthNet
Program ID: 08-IC-FAMILYCTR-BK
Schedule of Quantitative Program Results
Year Ended June 30, 2009

Quantifiable Indicators

Number of open cases at beginning of period:
At the beginning of the period 7/1/08, there were 38 cases open.

Number of new cases during audit period:
During the period 7/1/08 - 6/30/09, 46 cases were referred for service.

Number of cases serviced during audit period:
During the period 7/1/08 - 6/30/09, 89 cases were served through YouthNet.

Cases terminated:
During the period 7/1/08 - 6/30/09, 35 cases were terminated.

Cases open as of current year:
At the end of 6/30/09, 54 cases were active in service.

Cost per family:
$7,203 based on total budget/number of families served during audit period.