

EMERGENCY INFANT SERVICES, INC.

Financial Statements
with Independent Auditor's Report
(Modified Cash Basis)

For the Fiscal Years Ended June 30, 2011 and 2010

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To the Board of Directors
Emergency Infant Services, Inc.
Tulsa, Oklahoma

INDEPENDENT AUDITORS' REPORT

I have audited the accompanying statement of assets, liabilities and net assets – modified cash basis of EMERGENCY INFANT SERVICES, INC. (a nonprofit corporation) as of June 30, 2011 and 2010, and the related statement of support, revenue and expenses – modified cash basis, for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

As described in Note A, this financial statement has been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above presents fairly, in all material respects, the assets, liabilities and net assets of Emergency Infant Services, Inc., as of June 30, 2011 and 2010, and its support, revenue and expenses for the years then ended, on the basis of accounting described in Note A.

Tulsa, Oklahoma
January 3, 2012

EMERGENCY INFANT SERVICES, INC.

Statement of Assets, Liabilities and Net Assets (Modified Cash Basis)
June 30, 2011 and 2010

ASSETS	2011	2010
Cash - Operating Account	\$ 181,316	231,996
Cash - Repair & Maintenance Account	30,263	30,196
Cash Equivalents	466,699	466,853
Marketable securities	273,857	221,581
Property and equipment – net	680,122	661,850
Utility deposits	2,161	2,161
Other assets	240	240
Total Assets	1,634,658	1,614,877
LIABILITIES		
Payroll taxes & related liabilities	220	848
Total Liabilities	220	848
NET ASSETS		
Unrestricted	1,031,765	986,027
Temporary restricted	602,673	628,002
Permanently restricted	-	-
Total Net Assets	1,634,438	1,614,029
Total Liabilities & Net Assets	\$ 1,635,658	1,614,877

See accompanying notes to financial statements.

EMERGENCY INFANT SERVICES, INC.

Statement of Support, Revenue and Expenses (Modified Cash Basis)
For the Years Ended June 30, 2011 and 2010

	2011	2010
UNRESTRICTED NET ASSETS		
Unrestricted revenues and gains:		
Contributions in cash	\$ 582,271	557,647
Fundraising activities	164,690	184,325
Investment return	290	5,717
Total unrestricted revenues and gains	747,251	747,689
Net Assets released from restrictions	281,510	336,370
Total Unrestricted revenues, gains, and other support	1,028,761	1,084,059
Expenses:		
Program service expenses:		
Food, formula, clothing & equipment	421,982	354,406
Salaries and related taxes	298,970	256,017
Office and occupancy	39,887	38,763
Total program service expenses	760,839	649,186
General and administrative expenses:		
Salaries and related taxes	72,494	63,328
Office and occupancy	99,233	80,493
Fundraising expenses	36,974	44,740
Service and professional fees	13,483	9,243
Travel	-	-
Total general and administrative expenses	222,184	197,804
Total expenses	983,023	846,991
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	45,738	237,068
Board designated transfer to restricted net assets	-	(150,000)
NET INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ 45,738	87,068

See accompanying notes to financial statements.

EMERGENCY INFANT SERVICES, INC.

Statement of Support, Revenue and Expenses (Modified Cash Basis) cont'd
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
TEMPORARILY RESTRICTED NET ASSETS		
Food, formula, clothing and equipment	\$ 211,466	208,777
Salaries and related taxes	(7,246)	-
Equipment purchases	51,155	25,000
Capital campaign	-	-
Endowment fund	52,276	107,913
Board Designated	(51,470)	150,000
Net Assets released from restrictions	<u>(281,510)</u>	<u>(336,370)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(25,329)</u>	<u>155,321</u>
INCREASE IN NET ASSETS	20,409	242,389
NET ASSETS AT BEGINNING OF YEAR	<u>1,614,029</u>	<u>1,371,640</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,634,438</u>	<u>1,614,029</u>

See accompanying notes to financial statements.

EMERGENCY INFANT SERVICES, INC.

Notes to Financial Statements

(A) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - Emergency Infant Services, Inc. (the "Corporation") is a not-for-profit corporation formed to meet the needs of infants and small children whose families are in crisis or emergency situations. The Corporation raises substantially all of its revenue from churches, charitable foundations, individuals, one major fund-raiser, and other organizations in the Tulsa, Oklahoma area. Financial records are maintained on the modified cash basis of accounting, a basis of accounting other than generally accepted accounting principles. Revenue includes only cash receipts and does not include pledges or in-kind goods and services. Expenses include cash expenses and accrued payroll tax expense. Expenses exclude any other accrued expenses.

CONTRIBUTED GOODS AND SERVICES - In-kind goods represent the value of food, clothing, and equipment donated for program services. In-kind goods and services do not meet the criteria for inclusion in the financial statements. In-kind goods contributions for the years ended June 30, 2011 and 2010 are estimated to exceed \$647,000 and \$530,000 respectively. Volunteer service hours are estimated to exceed 12,150 and 9,100 hours respectively.

ESTIMATES - The preparation of financial statements requires management to make estimates, assumptions, and allocations that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

FINANCIAL STATEMENT PRESENTATION - The Organization is required to report 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.

REVENUE AND EXPENSE RECOGNITION - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. There are currently no permanently restricted assets. Contributions are recorded when received by the Corporation and expenses are recorded when paid.

EMERGENCY INFANT SERVICES, INC.

Notes to Financial Statements (Continued)

INCOME TAXES - The Project is a nonprofit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. The Project is not a private foundation within the meaning of Section 509 (a) of the Internal Revenue Code. As a result, no provision for current or deferred income tax liability is recognized in the Project's books or records. The Project does not believe that it has engaged in any activity that would result in an uncertain tax position. As a result, management does not believe that any uncertain tax position currently exists and no loss contingency had been recognized in the accompanying financial statements. Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, the Project has no open examination with either the Internal Revenue Service or state taxing authorities.

(B) NET ASSETS - At June 30, 2011, there were no permanently restricted net assets. The balances in temporarily restricted net assets are as follows:

	2010	Additions	Expense	Transfers	2011
Bensen	\$ -	\$ -	\$ -	\$ -	\$ -
Building Maint	41,675	-	-	-	41,675
Capital Campaign	-	-	-	-	-
Client Services	98,714	-	2,470	-	96,244
Crib/Car Seat	41,479	35,000	40,961	-	35,518
FEMA	-	10,500	10,500	-	-
Formula	25,100	150,654	151,867	-	23,887
FPC Herbert	-	1,350	1,350	-	-
Kaiser/TCF	7,246	-	7,246	-	-
Client Services/East	-	-	-	46,800	46,800
Nadel	-	-	-	-	-
NPR	-	-	-	-	-
Shusterman Lights	-	-	-	-	-
TCF	221,581	52,276	-	-	273,857
Strategic Board Dev	150,000	-	51,470	(81,800)	16,730
Non Referral Crib & Car	36,000	-	6,094	-	29,906
Deferred Endowment 2012	-	-	-	35,000	35,000
Other	6,206	6,400	9,551	-	3,055
Total	\$ 628,002	\$ 256,180	\$ 281,510	\$ -	\$ 602,673

EMERGENCY INFANT SERVICES, INC.

Notes to Financial Statements (Continued)

- (C) CASH and INVESTMENTS - The cash and investment balances at June 30, 2011 are composed of:

Checking, (Bank of Oklahoma, Tulsa, OK)	\$ 181,155
Petty Cash	160
Savings – Repair and Maintenance, (BOK, Tulsa, OK)	30,263
Marketable securities * TCF (BOK, Tulsa, OK)	273,857
Cash Equivalent ** (BOSC, Inc., Tulsa, OK)	466,699
Total	\$ 952,134

These balances include \$602,673 in restricted funds.

* Marketable securities are not insured against changes in market value. The funds experienced an increase in market value of \$52,276 during the year.

** Includes \$466,235 in Certificates of Deposit and \$464 in a money market account.

- (D) PROPERTY AND EQUIPMENT – Property and equipment consists of the following:

	2011	2010
Building	\$ 550,000	550,000
Building Improvements	141,604	127,104
Furniture and Equipment	105,456	68,244
Total Property and Equipment	797,060	745,348
Accumulated Depreciation	(116,938)	(83,498)
Net Property and Equipment	\$ 680,122	661,850

Office equipment and furniture are depreciated for 5-7 years, land improvements for 15 years and Building for 39 years.

Current year additions included \$33,950 for a van, \$14,500 for building improvements, and \$3,262 for office equipment.

- (E) FEDERAL FINANCIAL ASSISTANCE – The organization was awarded \$10,500 during the year ended June 30, 2011 from the Federal Emergency Management Association (FEMA) for purchase of infant formula. These funds were utilized for their designated purpose during the respective year. There was no balance at year end.