

**EXCHANGE CLUB FAMILY CENTER, INC.  
(d/b/a THE FAMILY CENTER)  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED JUNE 30, 2014 AND 2013**

**EXCHANGE CLUB FAMILY CENTER, INC.  
(d/b/a THE FAMILY CENTER)  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Exchange Club Family Center, Inc.

We have audited the accompanying financial statements of Exchange Club Family Center, Inc. (d/b/a The Family Center, a Tennessee not-for-profit corporation, the "Organization"), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and changes in net assets, 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.

### Auditors' 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 audit 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 auditors' 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 Organization'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 Organization'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 Exchange Club Family Center, Inc. (d/b/a The Family Center) as of June 30, 2014 and 2013, 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.



November 3, 2014

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
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We have audited the accompanying financial statements of Exchange Club Family Center, Inc. (d/b/a The Family Center, a Tennessee not-for-profit corporation, the "Organization"), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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November 3, 2014

**EXCHANGE CLUB FAMILY CENTER, INC.**  
**(d/b/a THE FAMILY CENTER)**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2014 AND 2013**

	2014	2013
<b>ASSETS</b>		
Cash	\$ 274,798	\$ 278,003
Accounts receivable	49,809	14,679
Prepaid expenses	4,171	3,282
Property and equipment, net	529,325	448,009
Beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	<u>34,110</u>	<u>31,110</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 892,213</u></b>	<b><u>\$ 775,083</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 8,020	\$ 18,346
Mortgage payable	103,734	111,757
Accrued expenses	<u>5,009</u>	<u>15,072</u>
<b>Total Liabilities</b>	<b><u>116,763</u></b>	<b><u>145,175</u></b>
<b>NET ASSETS</b>		
Unrestricted	681,090	577,778
Temporarily restricted	60,250	21,020
Permanently restricted	<u>34,110</u>	<u>31,110</u>
<b>Total Net Assets</b>	<b><u>775,450</u></b>	<b><u>629,908</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 892,213</u></b>	<b><u>\$ 775,083</u></b>

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

**EXCHANGE CLUB FAMILY CENTER, INC.  
(D/B/A THE FAMILY CENTER)  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2014 AND 2013**

	2014	2013
<b>Changes in Unrestricted Net Assets</b>		
Revenues and Support:		
Contributions and foundation grants	\$ 346,290	\$ 326,792
Contracts and government grants	183,609	182,200
Special events	91,276	81,740
Program fees	39,309	68,134
Distribution from beneficial interest in agency endowment	1,490	1,400
Other	2,588	1,459
	<u>664,562</u>	<u>661,725</u>
Total Unrestricted Revenues and Support	664,562	661,725
Net assets released from restrictions	<u>21,020</u>	<u>17,399</u>
Total Unrestricted Revenues, Support and Reclassifications	<u>685,582</u>	<u>679,124</u>
Functional Expenses:		
Program services	<u>354,370</u>	<u>435,473</u>
Supporting services:		
Management and general	<u>116,269</u>	<u>110,669</u>
Fundraising	<u>87,164</u>	<u>83,399</u>
Special events direct costs	<u>24,467</u>	<u>23,865</u>
Total fundraising	<u>111,631</u>	<u>107,264</u>
Total Functional Expenses	<u>582,270</u>	<u>653,406</u>
Increase in Unrestricted Net Assets	<u>103,312</u>	<u>25,718</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Grants	60,250	21,020
Net assets released from restrictions	<u>(21,020)</u>	<u>(17,399)</u>
Increase in Temporarily Restricted Net Assets	<u>39,230</u>	<u>3,621</u>
<b>Changes in Permanently Restricted Net Assets</b>		
Change in value of beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	<u>3,000</u>	<u>2,115</u>
Increase in Permanently Restricted Net Assets	<u>3,000</u>	<u>2,115</u>
Increase in net assets	145,542	31,454
Net assets, beginning of year	<u>629,908</u>	<u>598,454</u>
Net assets, end of year	<u>\$ 775,450</u>	<u>\$ 629,908</u>

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

**EXCHANGE CLUB FAMILY CENTER, INC.**  
**(d/b/a THE FAMILY CENTER)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2014**

	Program Services	Supporting Services Management and General	Fund Raising	Total
Salaries	\$ 197,827	\$ 57,544	\$ 62,179	\$ 317,550
Contract wages	29,333	7,254	1,486	38,073
Payroll taxes	17,468	4,378	5,556	27,402
Employee benefits	16,214	5,919	1,917	24,050
<b>Total personnel costs</b>	<b>260,842</b>	<b>75,095</b>	<b>71,138</b>	<b>407,075</b>
Depreciation	21,262	1,939	2,520	25,721
Insurance	10,474	1,360	1,768	13,602
Professional services	-	8,202	3,161	11,363
Supplies	10,840	450	-	11,290
Travel and entertainment	7,052	3,603	-	10,655
Building repairs and maintenance	8,705	831	1,080	10,616
Utilities	8,198	631	821	9,650
Advertising	-	8,714	-	8,714
Conferences and professional development	2,206	6,286	-	8,492
Communications	6,332	516	671	7,519
Technology	5,340	694	902	6,936
Interest	4,921	639	831	6,391
Equipment rental and maintenance	4,923	287	374	5,584
Dues and licenses	140	2,002	2,698	4,840
Merchant service charges	3,135	946	-	4,081
Printing	-	3,346	-	3,346
Miscellaneous	-	728	1,200	1,928
Security	-	-	-	-
<b>Total expenses before special events direct costs</b>	<b>354,370</b>	<b>116,269</b>	<b>87,164</b>	<b>557,803</b>
<b>Special events direct costs</b>	<b>-</b>	<b>-</b>	<b>24,467</b>	<b>24,467</b>
<b>Total expenses</b>	<b>\$ 354,370</b>	<b>\$ 116,269</b>	<b>\$ 111,631</b>	<b>\$ 582,270</b>

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

**EXCHANGE CLUB FAMILY CENTER, INC.**  
**(d/b/a THE FAMILY CENTER)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2013**

	Program Services	Supporting Services Management and General	Fund Raising	Total
Salaries	\$ 226,624	\$ 54,098	\$ 57,350	\$ 338,072
Contract wages	69,305	14,266	-	83,571
Payroll taxes	16,500	4,139	4,387	25,026
Employee benefits	19,400	4,482	2,241	26,123
<b>Total personnel costs</b>	<b>331,829</b>	<b>76,985</b>	<b>63,978</b>	<b>472,792</b>
Depreciation	16,942	1,783	3,567	22,292
Insurance	10,170	1,070	2,141	13,381
Professional services	-	15,193	4,846	20,039
Supplies	15,777	436	-	16,213
Travel and entertainment	6,741	4,420	29	11,190
Building repairs and maintenance	9,058	402	805	10,265
Utilities	9,083	607	1,213	10,903
Advertising	1,761	2,476	46	4,283
Conferences and professional development	4,270	1,810	287	6,367
Communications	6,873	454	907	8,234
Technology	4,698	393	786	5,877
Interest	5,999	631	1,263	7,893
Equipment rental and maintenance	5,761	265	531	6,557
Dues and licenses	75	1,926	2,229	4,230
Merchant service charges	4,214	887	-	5,101
Printing	228	737	-	965
Miscellaneous	-	194	771	965
Security	1,994	-	-	1,994
<b>Total expenses before special events direct costs</b>	<b>435,473</b>	<b>110,669</b>	<b>83,399</b>	<b>629,541</b>
<b>Special events direct costs</b>	<b>-</b>	<b>-</b>	<b>23,865</b>	<b>23,865</b>
<b>Total expenses</b>	<b>\$ 435,473</b>	<b>\$ 110,669</b>	<b>\$ 107,264</b>	<b>\$ 653,406</b>

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



**EXCHANGE CLUB FAMILY CENTER, INC.**  
**(d/b/a THE FAMILY CENTER)**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

	2014	2013
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 145,542	\$ 31,454
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	25,721	22,292
Gain on disposal of property and equipment	-	(602)
Donation of property and equipment	(54,000)	-
Change in value of beneficial interest in agency endowment	(3,000)	(2,115)
(Increase) decrease in		
Accounts receivable	(35,130)	14,304
Prepaid expenses	(889)	(468)
Increase (decrease) in		
Accounts payable	(10,326)	1,607
Accrued expenses	<u>(10,063)</u>	<u>9,524</u>
Net cash provided by operating activities	<u>57,855</u>	<u>75,996</u>
<b>Cash flows from investing activities:</b>		
Proceeds from the sale of property and equipment	-	133,064
Additions to property and equipment	<u>(53,037)</u>	<u>(10,973)</u>
Net cash (used in) provided by investing activities	<u>(53,037)</u>	<u>122,091</u>
<b>Cash flows from financing activities:</b>		
Payments on capital lease	-	(1,313)
Payments on mortgage payable, net	<u>(8,023)</u>	<u>(6,508)</u>
Net cash used by financing activities	<u>(8,023)</u>	<u>(7,821)</u>
Net (decrease) increase in cash	(3,205)	190,266
Cash, beginning of year	<u>278,003</u>	<u>87,737</u>
Cash, end of year	<u><u>\$ 274,798</u></u>	<u><u>\$ 278,003</u></u>
<b>Additional information:</b>		
Interest paid during the year	<u><u>\$ 6,391</u></u>	<u><u>\$ 7,893</u></u>

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

**EXCHANGE CLUB FAMILY CENTER, INC.**  
**(d/b/a THE FAMILY CENTER)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES**

The Family Center (the "Organization") is a private, not-for-profit agency licensed by the State of Tennessee as a Child Abuse Prevention agency. The mission of the Organization is to break the cycle of child abuse and neglect by empowering parents to raise happy, healthy children. Each year the agency serves over 2,000 parents and touches the lives of over 3,500 children through Parent Education Classes, Community Awareness Presentations and In-Home Family Counseling Services. The Nashville office was founded in 1985 followed by the establishment of the satellite office in Murfreesboro in 1989. The Organization is financially supported by state and local government grants, client program fees, corporate and foundation grants, area Exchange Clubs, individual donations, various special events, and the Rutherford and Cannon County United Way.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

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

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein and the disclosures of commitments and contingencies. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2013 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Contributions and Contributions Receivable

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire during the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

**EXCHANGE CLUB FAMILY CENTER, INC.**  
**(d/b/a THE FAMILY CENTER)**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition and Accounts Receivable

Contracts and grants revenue are recognized in the period in which the contracts and grants are awarded. Program fee revenues are collected and recognized at the time the educational and awareness services are provided to the community. Accounts receivable represent amounts owed from contracts, grants and program fees. No allowance for bad debts was deemed necessary as of June 30, 2014 or 2013.

Donated Services and Materials

Various volunteers donate many hours to the Organization's program services and fundraising campaigns. These contributed services are reflected in the financial statements only when the services require specialized skills. Materials, prizes and other assets received as donations are recorded and reflected in the accompanying financial statements at their estimated fair values at the date of the receipt.

Cash

Cash includes cash on hand and cash on deposit in financial institutions.

Agency Endowment Fund

The Organization's beneficial interest in an agency endowment fund held by the Community Foundation of Middle Tennessee is recognized as an asset. Investment income and changes in the value of the fund are recognized in the statements of activities, and distributions received from the fund are recorded as decreases in the beneficial interest.

Property and Equipment and Depreciation

It is the Organization's policy to capitalize all property and equipment over \$1,000. Property and equipment acquisitions are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted revenues unless the donor has restricted the donated asset to a specific purpose. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statements of activities and changes in net assets for the period. A gain on trade-in is applied to reduce the cost of the new acquisition. Depreciation is computed using the straight-line method over 10 to 40 years for buildings and improvements and 5 to 10 years for furniture and equipment.

Income Taxes

The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation.

**EXCHANGE CLUB FAMILY CENTER, INC.**  
**(d/b/a THE FAMILY CENTER)**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Taxes (Continued)

Accounting principles generally accepted in the United States of America require the Organization to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2014, no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2010.

Value Measurements

Financial accounting standards relating to fair value measurements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs – Fair values are based on quoted prices (unadjusted) in active markets for identical assets that the Organization has the ability to access at the measurement date (e.g. prices derived from NYSE, NAADAQ or Chicago Board of Trade).

Level 2 Inputs – Fair values are based on inputs other than quoted price included within level 1 that are observable for valuing the asset or liability, either directly or indirectly (e.g. interest rate and yield curves observable at commonly quoted intervals, default rates, etc.). Observable inputs include quoted prices for similar assets or liabilities in active or non-active markets. Level 2 inputs may also include insignificant adjustments to market observable inputs.

Level 3 Inputs – Fair values are based on unobservable inputs used for valuing the asset or liability. Unobservable inputs are those that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing the asset, based on the best information available in the circumstances. An example could be real estate valuations, which require significant judgment.

The beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee ("CFMT") represents the Organization's interest in pooled investments with other participants in the funds. CFMT prepares a valuation of the fund based on the fair value of the underlying investments and allocates income or loss to each participant based on market results. Due to the nature of the underlying investments and method of allocation of the fund, the beneficial interest in the agency endowment fund is classified within Level 3 of the valuation hierarchy.

**EXCHANGE CLUB FAMILY CENTER, INC.**  
**(d/b/a THE FAMILY CENTER)**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30:

	2014	2013
Land	\$ 124,887	\$ 124,887
Building and improvements	596,092	514,799
Furniture and equipment	<u>65,905</u>	<u>41,760</u>
	786,884	681,446
Accumulated depreciation	<u>(257,559)</u>	<u>(233,437)</u>
	<u>\$ 529,325</u>	<u>\$ 448,009</u>

Depreciation expense was \$25,721 and \$22,292 for 2014 and 2013, respectively

**NOTE 4 - MORTGAGE PAYABLE / LINE OF CREDIT**

The Organization has a mortgage payable secured by the Organization's real property at 139 Thompson Lane. The loan had an original balance of \$150,000 and has an outstanding balance at June 30, 2014 of \$103,734. The terms called for monthly principal and interest payments of \$1,200 at an interest rate of 6.75% with a balloon payment due at maturity on May 13, 2015. Subsequent to June 30, 2013, an interest rate reduction was approved that decreased the interest rate to 5.75% and the required monthly payments to \$1,139.

The Organization has a maximum \$50,000 unsecured line of credit arrangement with a financial institution. Interest on outstanding borrowings is payable monthly at the Bank's index rate plus 1.50 percent per annum, with a minimum rate of 5.00%. No borrowings on the line were outstanding at June 30, 2014. The arrangement expires June 12, 2016.

**NOTE 5 - LEASES**

The Organization has entered into various operating leases for office copiers. A schedule of future minimum lease payments under these operating leases are as follows for the years ending June 30:

2015	\$ 1,500
2016	1,500
2017	1,500
2018	<u>375</u>
Total	<u>\$ 4,875</u>

Rental expense was \$3,240 and \$2,904 for the years ended June 30, 2014 and 2013, respectively.

**EXCHANGE CLUB FAMILY CENTER, INC.**  
**(d/b/a THE FAMILY CENTER)**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted nets assets consisted of the following as of June 30:

	2014	2013
Program grants	\$ 58,750	\$ 18,750
Technology grant	<u>1,500</u>	<u>2,270</u>
	<u>\$ 60,250</u>	<u>\$ 21,020</u>

**NOTE 7 - AGENCY ENDOWMENT FUND / PERMANENTLY RESTRICTED NET ASSETS**

The Organization has a beneficial interest in the Exchange Child Abuse Prevention Center Endowment Fund held by the Community Foundation of Middle Tennessee ("CFMT") that is classified as a permanently restricted net asset. The Organization has granted variance power to the CFMT, and the CFMT has the ultimate authority and control over the Fund and the income derived there from. The fund is charged a .4% administrative fee annually. Upon request by the Organization, income from the fund representing a 5% annual return may be distributed to the Organization or to another suggested beneficiary.

A schedule of changes in the Organization's beneficial interest in this fund follows for the years ended June 30:

	2014	2013
Balance, beginning of year	<u>\$ 31,110</u>	<u>\$ 28,995</u>
Change in value of beneficial interest:		
Contributions	25	-
Investment earnings	4,718	3,745
Grants distributed	(1,490)	(1,400)
Administrative expenses	<u>(253)</u>	<u>(230)</u>
Net change	<u>3,000</u>	<u>2,115</u>
Balance, end of year	<u>\$ 34,110</u>	<u>\$ 31,110</u>

**EXCHANGE CLUB FAMILY CENTER, INC.**  
**(d/b/a THE FAMILY CENTER)**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 8 - DONATED SERVICES AND MATERIALS**

The following donated services and materials have been included in unrestricted revenues and assets/expenses in the financial statements for the year ended June 30:

	2014	2013
Included in unrestricted contributions/assets		
Labor for renovations	\$ 51,500	\$ -
Donated furniture	4,000	-
Included in unrestricted contributions/expenses		
Supplies	427	-
Technology	-	240
Included in Special events income/expenses	<u>-</u>	<u>608</u>
	<u>\$ 55,927</u>	<u>\$ 848</u>

Additionally, in-kind contributions for auction items were received and recorded as assets that totaled \$50,957 and \$12,905 for 2014 and 2013, respectively. These assets were subsequently sold during fundraising events with the proceeds recorded in special events income.

**NOTE 9 - NON-RECURRING EXPENSES**

During the year ending June 30, 2013, the Organization completed both an organizational assessment and a development plan to ensure the Organization is poised to best implement the program services needed by the community and to increase the funding to meet that goal. Accordingly, the Organization incurred professional fees totaling \$11,750 for outside experts to assist in these tasks. These fees are included on the statements of functional expenses as professional fees and are allocated between management and general (\$7,725) and fundraising (\$4,025). Management is of the opinion that these are non-recurring expenses. See Note 12 for a subsequent event that resulted from this assessment and development plan.

**NOTE 10 - RETIREMENT PLAN**

The Organization provides a defined contribution 401(k) retirement plan. Employees meeting certain eligibility requirements can participate in the plan to the extent allowed under the Employee Retirement Income Security Act (ERISA). The plan also provides for discretionary matching contributions and profit sharing by the Organization. Participants are immediately vested in their voluntary contributions plus related earnings; whereas, participants are fully vested in the Organization's contributions plus related earnings after five years of service. The Organization made no matching or profit sharing contributions in years ending June 30, 2014 or 2013.

**EXCHANGE CLUB FAMILY CENTER, INC.**  
**(d/b/a THE FAMILY CENTER)**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 11 - RELATED PARTY TRANSACTION**

A member of the board of directors is employed by the company that administers the Organization's retirement plan. This board member generally receives a commission of under \$100 per year for managing the account.

**NOTE 12 - SUBSEQUENT EVENT**

On September 5, 2014, the Organization entered into an agreement with the Department of Human Services to provide counseling and education services for the period of October 1, 2014 to September 30, 2015. Revenues under this contract are expected to total \$480,985 and will be recognized on the statements of activities when services are provided.

**NOTE 13 - EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through November 3, 2014, which is the date the financial statements were available to be issued.