

**EVERY CHILD MATTERS EDUCATION FUND
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2010**

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FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2010

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Chaconas & Wilson, P.C.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Every Child Matters Education Fund
Washington, DC

We have audited the accompanying statement of financial position of Every Child Matters Education Fund as of December 31, 2010 and the related statements of activities, functional expenses 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 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 Every Child Matters Education Fund 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.

Chaconas & Wilson, P.C.

August 31, 2011

EVERY CHILD MATTERS EDUCATION FUND

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note 2)	\$ 1,231,258
Accounts receivable (Note 2)	13,067
Due from affiliated organizations (Note 5)	38,149
Unconditional promises to give (Note 4)	126,500
Prepaid expenses	9,402
Total Current Assets	<u>\$ 1,418,376</u>

PROPERTY AND EQUIPMENT, at cost (Note 2)

Furniture and equipment	\$ 44,907
Less: accumulated depreciation	(39,043)
Property and Equipment, net	<u>\$ 5,864</u>

OTHER ASSETS:

Security deposit	<u>\$ 8,980</u>
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TOTAL ASSETS

\$ 1,433,220

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 51,926
Accrued payroll	3,555
Total Current Liabilities	<u>\$ 55,481</u>

NET ASSETS:

Unrestricted (Note 2)	\$ 1,251,239
Temporarily restricted (Notes 2 and 8)	126,500
Total Net Assets	<u>\$ 1,377,739</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 1,433,220

The accompanying notes are an integral part of this statement.

EVERY CHILD MATTERS EDUCATION FUND

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES:			
Contributions	\$ 1,017,092	\$ 425,000	\$ 1,442,092
Interest Income	10,278	-	10,278
Program fees	27,917	-	27,917
Other Income	10,657	-	10,657
Net assets released from restriction:			
Satisfaction of program accomplishment	<u>663,500</u>	<u>(663,500)</u>	<u>-</u>
Total Revenues	<u>\$ 1,729,444</u>	<u>\$ (238,500)</u>	<u>\$ 1,490,944</u>
 PROGRAM AND SUPPORTING SERVICES EXPENSES:			
Program services:			
National	\$ 539,602	\$ -	\$ 539,602
State Projects	936,949	-	936,949
Child Abuse and Neglect	92,308	-	92,308
Total Program Expenses	<u>\$ 1,568,859</u>	<u>\$ -</u>	<u>\$ 1,568,859</u>
Supporting services:			
Fundraising	\$ 106,995	\$ -	\$ 106,995
Management and general	137,974	-	137,974
Total Supporting Expenses	<u>\$ 244,969</u>	<u>\$ -</u>	<u>\$ 244,969</u>
Total Expenses	<u>\$ 1,813,828</u>	<u>\$ -</u>	<u>\$ 1,813,828</u>
CHANGE IN NET ASSETS	\$ (84,384)	\$ (238,500)	\$ (322,884)
NET ASSETS, BEGINNING OF YEAR	<u>1,335,623</u>	<u>365,000</u>	<u>1,700,623</u>
NET ASSETS, END OF YEAR	<u>\$ 1,251,239</u>	<u>\$ 126,500</u>	<u>\$ 1,377,739</u>

The accompanying notes are an integral part of this statement.

EVERY CHILD MATTERS EDUCATION FUND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Program Services			Supporting Services			Total Expenses
	National	Child Abuse and Neglect		Fund - raising	Management and General	Total Supporting Services	
		State	Abuse and Neglect				
Accounting	\$ 2,813	\$ 2,939	\$ 460	\$ 6,212	\$ 759	\$ 1,408	\$ 7,620
Bank fees	-	-	-	-	227	227	227
Consultants	11,587	256,365	1,897	269,849	4,240	6,913	276,762
Depreciation	2,260	2,362	370	4,992	611	1,132	6,124
Dues and subscriptions	1,599	2,116	262	3,977	432	801	4,778
Employee benefits	21,384	22,346	3,500	47,230	5,772	10,705	57,935
Equipment rental and maintenance	2,688	2,809	440	5,937	726	1,346	7,283
Insurance	1,326	1,385	217	2,928	358	664	3,592
Legal	-	-	-	-	2,610	2,610	2,610
Licenses and permits	-	-	-	-	270	270	270
Meetings and conferences	625	578	-	1,203	-	-	1,203
Miscellaneous	2,391	681	-	3,072	6,060	6,060	9,132
Office supplies	2,505	16,474	424	19,403	622	993	20,396
Paid media	27,544	37,997	-	65,541	-	-	65,541
Payroll service	194	202	32	428	52	97	525
Payroll taxes	25,141	26,272	4,114	55,527	6,787	12,586	68,113
Postage and delivery	4,469	17,611	919	22,999	864	1,895	24,894
Printing and publications	50,886	92,639	11,256	154,781	9,869	18,303	173,084
Rent	15,214	48,006	7,022	70,242	4,409	7,970	78,212
Retirement	9,294	9,713	1,521	20,528	2,509	4,653	25,181
Salaries	312,879	326,954	51,204	691,037	87,024	159,196	850,233
Special events	30,100	21,959	1,132	53,191	-	-	53,191
Staff development	110	145	-	255	-	-	255
Technology	3,306	3,455	541	7,302	892	1,655	8,957
Telecommunications	7,001	10,302	1,357	18,660	1,889	3,504	22,164
Travel	4,286	33,639	5,640	43,565	992	1,981	45,546
Total Expenses	\$ 539,602	\$ 936,949	\$ 92,308	\$ 1,568,859	\$ 137,974	\$ 244,969	\$ 1,813,828

The accompanying notes are an integral part of this statement.

EVERY CHILD MATTERS EDUCATION FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (322,884)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	6,124
Change in assets and liabilities:	
Increase in accounts receivable	(13,067)
Decrease in unconditional promises to give	123,500
Increase in due from related organization	(12,476)
Decrease in prepaid expense	12
Increase in security deposit	(5,585)
Increase in accounts payable	19,440
Increase in accrued payroll	1,085
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NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (203,851)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,435,109
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CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,231,258
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The accompanying notes are an integral part this statement.

EVERY CHILD MATTERS EDUCATION FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

Note 1. **Organization:**

Every Child Matters Education Fund (the Organization) is incorporated under the laws of the District of Columbia as a not for profit corporation. The Organization's mission is to help make children's needs a higher priority by providing research and information to the public, media and lawmakers. The Organization's program areas are:

National – Public and policy maker education about the need to invest in children.

State Projects – Public education activities in Colorado, Iowa, Nevada, New Hampshire, and Long Island, New York that bring attention to the needs of children.

Child Abuse and Neglect – Public education activities about the need to adopt a national strategy to prevent child abuse and stop child deaths.

Note 2. **Summary of Significant Accounting Policies:**

Method of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Accounting for Uncertainty in Income Taxes

The Organization has adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification ("ASC") 740-10, "Income Taxes," which prescribes measurement and disclosure requirements for current and deferred income tax positions. The interpretation provides for a consistent approach in identifying and reporting uncertain tax provisions. It is management's belief that the Organization does not hold any uncertain tax positions.

Contributions

The Organization recognizes contribution revenue when an unconditional pledge is made or when cash is received if a pledge was not made. Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted, based on donor intent.

Cash Equivalents

The Organization considers all short term investments with original maturities of three months or less to be cash equivalents included in cash.

The Organization's demand deposits with financial institutions at times exceeded federally insured limits. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risks.

EVERY CHILD MATTERS EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010

Note 2. Summary of Significant Accounting Policies: (Continued)

Accounts Receivable

The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is made. If accounts become uncollectable they will be charged to operations when that determination is made. If the allowance method was used instead, the results would not be materially different.

Property and Equipment

Furniture and equipment are stated at cost. Depreciation is calculated on a straight line basis over a three year or five year estimated useful life. The Organization capitalizes all property and equipment with a cost basis of \$500 or more.

Classes of Net Assets

The Organization is required to report 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 are contributions without a donor imposed time and/or program restriction. The funds are available for general operating purposes.

Temporarily restricted net assets are contributions with donor-imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the accompanying statement of activities as net assets released from restrictions. This method of accounting is also followed when the restrictions on contributions are met in the same period that the contributions are received.

Permanently restricted net assets must be maintained by the Organization in perpetuity. There were no permanently restricted net assets as of December 31, 2010.

Functional Allocation of Expenses

The allocation of the costs of providing various programs has been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain indirect costs have been allocated to program and supporting activities based on management's estimate of effort devoted to these activities.

EVERY CHILD MATTERS EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 2. **Summary of Significant Accounting Policies:** (Concluded)

Use of Estimates

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated all subsequent events through August 31, 2011, which was the date the financial statements were available to be issued. No subsequent events requiring disclosure were identified based on this evaluation.

Note 3. **Tax Status:**

The Organization has been recognized as exempt from federal income tax by the Internal Revenue Service under the provisions of Section 501(c)(3) of the Internal Revenue Code, and is classified as an organization that is not a private foundation.

Note 4. **Unconditional Promises to Give:**

Unconditional promises to give are due in one year or less. At December 31, 2010 the balance of unconditional promises to give was \$126,500.

Note 5. **Related Parties:**

The Organization is affiliated with Vote Kids, a 501(c)(4) organization and Vote Kids Political Fund, a 527 organization. The three entities share common management and office facilities. The Organization bills Vote Kids and Vote Kids Political Fund for their share of the rent, salaries and employment benefits based on direct salary costs. Vote Kids and Vote Kids Political Fund also reimburse the Organization for direct expenses paid on their behalf. These cost approximated \$32,807 for Vote Kids and \$18,485 for Vote Kids Political Fund. At December 31, 2010, the amount owed from Vote Kids was \$32,807 and the amount due from Vote Kids Political Fund was \$5,342.

EVERY CHILD MATTERS EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
DECEMBER 31, 2010

Note 6. Retirement Plan:

The Organization has a 401(k) retirement plan which is available to all employees after three months of service. For the year ended December 31, 2010, the Organization matched 100% of the first 3% of employee contributions and 50% of the next 2% of the amounts contributed by employees. The retirement expense for the year ended December 31, 2010 was \$26,108. Of this amount \$607 was allocated to Vote Kids and \$320 was allocated to Vote Kids Political Fund.

Note 7. Operating Leases:

For the year ended December 31, 2010, the Organization leased office space under various operating lease agreements with terms on a month to month basis. The Organization also leases office space under an operating lease agreement that expired January 31, 2011. In November 2010, the Organization entered into an operating lease for new office space that began on February 1, 2011 and expires January 2023.

At December 31, 2010, minimum future lease payments were:

2011	\$ 45,770
2012	75,908
2013	78,946
2014	82,104
20102015	85,393
Thereafter	<u>480,986</u>
Total	<u>\$ 849,107</u>

For the year ended December 31, 2010, total rent cost paid by the Organization was \$80,714. Of this amount \$1,638 was allocated to Vote Kids and \$864 was allocated to Vote Kids Political Fund.

Note 8. Temporarily Restricted Net Assets:

As of December 31, 2010 temporarily restricted net assets were available for the following purposes:

General Support Time Restricted	\$ 1,500
State Projects	<u>125,000</u>
Total	<u>\$ 126,500</u>

