

PENDING APPROVAL



STATE OF OKLAHOMA  
OKLAHOMA COUNTY  
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STATE OF OKLAHOMA  
LYNN CAUDILL  
COUNTY CLERK

January 19, 2010

Oklahoma County Clerk  
320 Robert S. Kerr, Rm 201  
Oklahoma City, OK 73102

RE: Annual Financial Audit

To Whom It May Concern:

Enclosed is the audit report for Sunbeam Family Services, Inc. as of fiscal year end June 30, 2009. The auditors have granted us an unqualified opinion for this year's audit.

We look forward to many more successful years working with you and your agency.

Respectfully,

A handwritten signature in cursive script that reads "A. Sue Morrison".

A. Sue Morrison  
Chief Financial Officer



*Help for all ages at all stages of life.*



**PENDING APPROVAL**

**SUNBEAM FAMILY SERVICES, INC.**

**CONSOLIDATED FINANCIAL REPORT**

**JUNE 30, 2009**

# PENDING APPROVAL

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*Luton & Co., PLLC*

CERTIFIED PUBLIC ACCOUNTANTS

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P.O. Box 13120  
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(405)848-7313 FAX (405)848-7316

Bruce L. Van Huisen  
David R. Brady

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Sunbeam Family Services, Inc.

We have audited the accompanying consolidated statement of financial position of Sunbeam Family Services, Inc. as of June 30, 2009 and the related consolidated 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 the Sunbeam Family Services, Inc. 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sunbeam Family Services, Inc. at 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 November 13, 2009, on our consideration of Sunbeam Family Services, Inc.'s internal control over financial reporting and on 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.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements of Sunbeam Family Services, Inc. taken as a whole. The accompanying statement of activities – Sunbeam Family Services, Inc. - Unrestricted and the schedule of Federal awards (required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*) are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

*Luton & Co., PLLC*

Oklahoma City, Oklahoma  
November 13, 2009

# PENDING APPROVAL

## SUNBEAM FAMILY SERVICES, INC.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION June 30, 2009

ASSETS	Sunbeam Family Services, Inc.	Foundation for Sunbeam Family Services, Inc.	Total
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 514,379	\$ 51,329	\$ 565,708
Investments	338,419	1,433,921	1,772,340
Receivables:			
Trade, net of allowance of \$5,471	78,278	-	78,278
Grants and contracts	456,831	-	456,831
Accrued interest	-	5,500	5,500
Prepaid expenses and other	87,730	-	87,730
Total current assets	1,475,637	1,490,750	2,966,387
<b>PROPERTY AND EQUIPMENT, at cost</b>			
Office equipment	206,872	-	206,872
Vehicles	28,000	-	28,000
Buildings and improvements	1,109,201	-	1,109,201
Land	118,664	-	118,664
	1,462,737	-	1,462,737
Accumulated depreciation	1,145,328	-	1,145,328
	317,409	-	317,409
<b>OTHER ASSETS</b>			
Investments	37,625	-	37,625
	<u>\$ 1,830,671</u>	<u>\$ 1,490,750</u>	<u>\$ 3,321,421</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 81,868	\$ -	\$ 81,868
Accrued salaries and related payables	185,705	-	185,705
Due to grantors	40,040	-	40,040
Total current liabilities	307,613	-	307,613
<b>NET ASSETS</b>			
Unrestricted	1,382,811	-	1,382,811
Unrestricted - designated for endowment	-	1,490,750	1,490,750
	1,382,811	1,490,750	2,873,561
Temporarily restricted	140,247	-	140,247
	1,523,058	1,490,750	3,013,808
	<u>\$ 1,830,671</u>	<u>\$ 1,490,750</u>	<u>\$ 3,321,421</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

# PENDING APPROVAL

## SUNBEAM FAMILY SERVICES, INC.

### CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS Year ended June 30, 2009

	Sunbeam Family Services, Inc. Unrestricted	Sunbeam Family Services, Inc. Temporarily Restricted	Foundation for Sunbeam Family Services, Inc. Unrestricted	Total
Revenue and support				
Grants and contracts	\$ 4,806,591	\$ 95,862	\$ -	\$ 4,902,453
Client fees	117,811	-	-	117,811
United Way	737,563	-	-	737,563
OKC Social Service grant	10,000	-	-	10,000
Rental income	6,948	-	-	6,948
Interest and dividends	11,593	-	56,354	67,947
Foundation income allocated to Sunbeam	102,107	-	(102,107)	-
Contributions	102,005	44,385	-	146,390
In-kind	22,471	-	-	22,471
Gain (loss) on investments	-	-	(376,678)	(376,678)
Gain (loss) on sale of assets	(2,731)	-	-	(2,731)
Net assets released from restriction	289,351	(289,351)	-	-
<b>Total revenue and support</b>	<b>6,203,709</b>	<b>(149,104)</b>	<b>(422,431)</b>	<b>5,632,174</b>
Expenses				
Program services	5,473,648	-	-	5,473,648
Management and general	666,382	-	13,024	679,406
Fundraising	12,494	-	-	12,494
<b>Total expenses</b>	<b>6,152,524</b>	<b>-</b>	<b>13,024</b>	<b>6,165,548</b>
Change in net assets	51,185	(149,104)	(435,455)	(533,374)
Net assets, beginning of year	1,265,062	289,351	1,926,205	3,480,618
Prior period adjustment	66,564	-	-	66,564
Net assets, beginning of year after adjustment	1,331,626	289,351	1,926,205	3,547,182
Net assets, end of year	<u>\$ 1,382,811</u>	<u>\$ 140,247</u>	<u>\$ 1,490,750</u>	<u>\$ 3,013,808</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

SUNBEAM FAMILY SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2009

	Child								
	Counseling Services	Development Center	Early Head Start	Educare	State Pilot	Therapeutic Foster Care	Emergency Foster Care	Long-Term Foster Care	Contracted Foster Care
Salaries	\$ 328,981	\$ 183,444	\$ 606,288	\$ 148,133	\$ 239,939	\$ 222,045	\$ 104,605	\$ 85,209	\$ 14,321
Payroll taxes	36,786	24,581	60,148	12,972	23,107	21,921	10,396	14,561	1,228
Benefits	54,456	40,313	90,628	9,761	32,387	41,339	22,294	10,523	1,654
Professional fees	14,860	2,147	26,271	31,250	49,229	4,123	2,756	3,304	-
Office supplies and postage	3,720	2,760	24,642	4,820	431	3,517	1,726	857	-
Supplies	1,846	964	10,336	3,206	888	1,697	800	1,453	-
Telephone	2,981	3,385	5,947	548	-	2,893	1,831	1,152	40
Space costs	11,993	31,173	20,106	25,908	-	9,782	6,485	6,191	-
Printing and publications	3,506	940	6,473	-	55	2,336	1,654	1,941	-
Transportation	1,823	1,278	15,981	9,624	1,496	12,415	6,242	4,575	183
Conference and training	754	145	48,895	3,823	3,842	1,112	199	392	37
Dues and subscriptions	4,253	1,710	4,162	3,710	-	4,274	990	738	-
Equipment maintenance	4,326	1,364	13,306	2,434	3,282	779	-	-	-
Insurance	7,650	7,753	25,606	7,384	-	9,216	5,079	6,615	-
Direct services	5,226	30,939	355,818	99,048	173,861	330,808	104,337	228,984	18,005
Depreciation	5,950	4,452	5,451	-	-	1,862	1,402	1,280	-
In-kind	-	-	-	-	-	-	-	-	-
	<u>\$ 489,111</u>	<u>\$ 337,348</u>	<u>\$ 1,320,058</u>	<u>\$ 362,621</u>	<u>\$ 528,517</u>	<u>\$ 670,119</u>	<u>\$ 270,796</u>	<u>\$ 367,775</u>	<u>\$ 35,468</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

## SUNBEAM FAMILY SERVICES, INC.

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES, continued Year ended June 30, 2009

	OKC						Foundation Management and General	Total
	Senior Shelter	Caregiver Fundamentals	Senior Companion	Public Schools	Total Program Services	Management and General		
Salaries	\$ 128,229	\$ 97,056	\$ 142,861	\$ 24,269	\$ 2,325,380	\$ 377,162	\$ 6,304	\$ 2,708,846
Payroll taxes	12,804	9,773	14,476	2,221	244,974	35,113	679	280,766
Benefits	26,614	10,384	25,598	544	366,495	84,616	307	451,418
Professional fees	1,892	8,611	4,859	114	149,416	80,890	3,400	246,730
Office supplies and postage	369	6,394	4,621	546	54,403	14,674	1,724	70,801
Supplies	1,382	1,428	612	420	25,032	16,980	-	42,012
Telephone	1,010	803	995	29	21,614	3,611	-	25,225
Space costs	11,722	2,250	7,056	1,356	134,022	11,742	-	145,764
Printing and publications	1,780	281	4,367	351	23,684	3,905	80	27,669
Transportation	1,300	10,269	3,951	2	69,139	2,542	-	71,681
Conference and training	882	1,186	799	9,373	71,439	348	-	71,787
Dues and subscriptions	1,859	410	681	-	22,787	3,481	-	26,268
Equipment maintenance	-	480	-	349	26,320	13,592	-	39,912
Insurance	5,015	2,182	7,084	-	83,584	11,224	-	94,808
Direct services	14,470	20,006	378,945	45,924	1,806,371	2,136	-	1,808,507
Depreciation	5,759	802	1,659	-	28,617	2,266	-	30,883
In-kind	-	-	20,371	-	20,371	2,100	-	22,471
	<u>\$ 215,087</u>	<u>\$ 172,315</u>	<u>\$ 618,935</u>	<u>\$ 85,498</u>	<u>\$ 5,473,648</u>	<u>\$ 666,382</u>	<u>\$ 12,494</u>	<u>\$ 6,165,548</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

# PENDING APPROVAL

## SUNBEAM FAMILY SERVICES, INC.

### CONSOLIDATED STATEMENT OF CASH FLOWS Year ended June 30, 2009

	Sunbeam Family Services, Inc.	Foundation for Sunbeam Family Services, Inc.	Total
<b>Cash flows from operating activities:</b>			
Change in net assets	\$ (97,919)	\$ (435,455)	\$ (533,374)
<b>Adjustments -</b>			
Depreciation expense	30,883	-	30,883
(Gain) loss on investments	-	376,678	376,678
(Gain) loss on sale of assets	2,731	-	2,731
(Increase) decrease in accounts receivable	393,750	-	393,750
(Increase) decrease in accrued interest	-	(57)	(57)
(Increase) decrease in prepaid expenses	22,318	-	22,318
Increase (decrease) in accounts payable and accrued expenses	15,861	-	15,861
Increase (decrease) in accrued salaries and related payables	14,134	-	14,134
Net cash provided (used) by operating activities	<u>381,758</u>	<u>(58,834)</u>	<u>322,924</u>
<b>Cash flows from investing activities:</b>			
Proceeds from (purchase of) investments	(31,413)	(10,540)	(41,953)
Purchase of property and equipment	(70,580)	-	(70,580)
Net cash provided (used) by investing activities	<u>(101,993)</u>	<u>(10,540)</u>	<u>(112,533)</u>
<b>Cash flows from financing activities:</b>			
Reduction of debt	(437,000)	-	(437,000)
Conditional transfer (to) from grantor	(7,541)	-	(7,541)
Net cash provided (used) by financing activities	<u>(444,541)</u>	<u>-</u>	<u>(444,541)</u>
Net increase (decrease) in cash and cash equivalents	(164,776)	(69,374)	(234,150)
Cash and cash equivalents, beginning of year	<u>679,155</u>	<u>120,703</u>	<u>799,858</u>
Cash and cash equivalents, end of year	<u>\$ 514,379</u>	<u>\$ 51,329</u>	<u>\$ 565,708</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

# PENDING APPROVAL

## SUNBEAM FAMILY SERVICES, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009

#### Note 1. Organization and Summary of Significant Accounting Policies

##### Organization

Sunbeam Family Services, Inc. (Sunbeam) was organized as a nonprofit corporation in 1907 to provide services within the Oklahoma City metropolitan area. These services include fostering and strengthening family life and developing the capacities of individual adults, children, and family groups toward a satisfying and socially useful life. It is an independent agency operated by a twenty-five member board of directors. Sunbeam is funded primarily by allocations from the United Way and by contracts with the Corporation for National and Community Service, the Oklahoma Department of Human Services and the U.S. Department of Health and Human Services Early Head Start program. Additionally, Sunbeam receives contributions and grants from individuals, businesses, and other non-profit organizations.

The Foundation for Sunbeam Family Services, Inc. (the Foundation) is a related organization of Sunbeam Family Services, Inc. The Foundation has six trustees, four of whom are members of Sunbeam's board of directors. Sunbeam is the sole beneficiary of the Foundation's distributions and upon termination, all assets revert back to Sunbeam. The board of trustees for the Foundation is independent of Sunbeam, and Sunbeam's board of directors do not exercise any oversight authority over the Foundation. However, due to Sunbeam's control of the appointment of board members and its direct economic interest, the Foundation is consolidated in these financial statements.

##### Basis of presentation

The accompanying consolidated financial statements have been presented in accordance with Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under SFAS No. 117, Sunbeam 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. Sunbeam has no permanently restricted net assets.

##### Revenue recognition

Revenues, gains, and other support are reported as increases in unrestricted net assets. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted support that increases the temporarily restricted net asset class. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Expenses are reported as decreases in unrestricted net assets only. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of unrestricted net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

##### Cash and cash equivalents

For purposes of the statement of cash flows, Sunbeam considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents unless designated for investment purposes.

# PENDING APPROVAL

SUNBEAM FAMILY SERVICES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2009

### Note 1. Organization and Summary of Significant Accounting Policies, continued

#### Property and equipment

Maintenance and repairs which do not improve or extend the useful lives of the assets are expensed as incurred. Additions and betterments greater than \$1,500 are capitalized. Upon retirement or replacement, the costs and accumulated depreciation are removed from the respective accounts and the differences are included in changes in net assets.

Fixed assets are recorded at cost, or fair value if donated, and depreciated using the straight-line method over an estimated useful life as follows:

Office equipment	2-10 years
Vehicles	3 years
Buildings and improvements	5-25 years

#### Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 periods. Actual results could differ from those estimates.

#### Marketable securities

The Organization has adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations". Under SFAS No. 124, investments in marketable securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities and changes in net assets.

The Organization adopted SFAS No. 157, "Fair Value Measurements," which among other things requires enhanced disclosures about assets and liabilities carried at fair value.

#### Compensated absences

Employee rights to receive compensation for future absences are recognized in the period such rights are earned.

#### Distribution of Foundation earnings

The Board of Trustees of the Foundation annually determines the amount of the Foundation's earnings to be allocated for distribution to support Sunbeam operations. These amounts are eliminated in the consolidated financial statements.

The Organization adopted FSP FAS 117-1, "Endowments of Not-for-Profit Organizations" which among other things enhances disclosures for endowment funds maintained by Not-for-Profit Organizations.

#### Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated financial statements. Accordingly, certain costs have been allocated among the programs and activities benefited.

# PENDING APPROVAL

## SUNBEAM FAMILY SERVICES, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2009

#### Note 1. Organization and Summary of Significant Accounting Policies, continued

##### Income tax status

Sunbeam and the Foundation qualify as organizations exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provisions have been made for Federal or state income taxes.

##### Donated services

In-kind donations of goods and services are recorded in the consolidated financial statements at the estimated value of such goods or services.

Sunbeam also receives significant volunteer services in conjunction with the Early Head Start Program. These services qualify for in-kind matching based on the terms of the Early Head Start Grant, but do not meet the requirements for recognition in the financial statements. These volunteer services for the year ended June 30, 2009 were valued at \$449,978.

#### Note 2. Investments

Investments consisted of the following at June 30, 2009:

	Cost	Market
	Foundation	
Certificates of deposit	\$ 402,000	\$ 412,399
Mutual funds	1,236,573	898,705
Equity securities	<u>132,163</u>	<u>122,817</u>
	<u>\$1,770,736</u>	<u>\$1,433,921</u>
	Sunbeam Family Services, Inc.	
Certificates of deposit	\$ <u>338,419</u>	\$ <u>338,419</u>
	<u>\$ 338,419</u>	<u>\$ 338,419</u>

All marketable securities are considered Level I on the fair value hierarchy. Unrealized losses arising during the year totaling \$359,747 have been included in the accompanying statement of activities and changes in net assets. Realized losses of \$16,931 are also included in the statement of activities and changes in net assets. The realized gain or losses were determined using the specific identification method.

#### Note 3. Receivables

Sunbeam periodically submits requests for advances and/or reimbursement to grantor and pass-through agencies for grant funds. As of June 30, 2009, Sunbeam had outstanding requests for reimbursement and accruals due from grantors of \$456,831. Accounts receivable of \$78,278, net of allowance for doubtful accounts of \$5,471, are related to services provided and billed to various government agencies and individuals. The allowance for doubtful accounts is adjusted annually based on historical collections. Doubtful accounts are evaluated on an individual basis and written off when deemed uncollectible.

# PENDING APPROVAL

## SUNBEAM FAMILY SERVICES, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2009

#### Note 4. Accrued Compensated Absences

During the first ten years of full-time service, employees earn annual leave at a rate of 17 days per year. After ten years of service, employees earn 22 days per year. Compensated absences are encouraged to be taken during the calendar year, and may only be carried over to the subsequent year with the Executive Director's or their designee's approval. Unused compensated absences are paid to an employee upon separation of employment. Amounts carried over from a previous year expire on March 31<sup>st</sup> of the following year and are not paid upon termination.

At June 30, 2009, \$35,265 had been accrued to recognize Sunbeam's financial obligation for accrued compensated absences.

#### Note 5. Temporarily Restricted Net Assets

At June 30, 2009, temporarily restricted net assets were comprised of the following:

Counseling Services	\$ 7,500
Educare	102,747
Senior Shelter	24,225
Other	<u>5,775</u>
	<u>\$140,247</u>

#### Note 6. Employee Retirement Plan

Sunbeam provides a defined contribution retirement plan for their full-time employees and other part-time employees over 21 years of age who work more than 1,000 hours in one year's time with one year of uninterrupted service. Sunbeam contributes 3.0% to 7.0% of the employee's gross salary to the plan on behalf of individual employees. In addition, an employee may contribute up to the maximum excludable allowance. Employer contributions on behalf of individuals are fully vested when the employee completes three years of service. Sunbeam's contribution to the plan for the year ended June 30, 2009 was \$119,209.

#### Note 7. Related Party Transactions

Sunbeam purchases various insurance and employee benefit policies through an insurance agency controlled by a member of the Board of Director's in "arm's length" transactions. The annual premiums for the employee benefit policies were approximately \$430,637.

#### Note 8. Commitments and Contingencies

In the normal course of operations, Sunbeam receives contract funds from various Federal and state grantor agencies. The programs are subject to audit by the granting authority, the purpose of which is to ensure compliance with conditions imposed by the granting agency. Any reimbursement, which may arise as the result of the audit of contract funds, is not believed to be material.

# PENDING APPROVAL

## SUNBEAM FAMILY SERVICES, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009

Note 9. Economic Dependency

The Organization receives a significant portion of its revenue from funds provided through Federal and state grants. The grant amounts are appropriated each year at the Federal and/or state level. If significant budget cuts are made at the Federal and/or state level, the amount of the funds the Organization receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Organization will receive in the next fiscal year.

Note 10. Community Foundation Funds

Sunbeam is the designated beneficiary of donor advised funds at two Oklahoma area community foundations. These funds were contributed to the foundations by Sunbeam and other third party contributors. The foundations have variance power over all contributions. Sunbeam follows FASB 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others* to account for these funds. Assets transferred by Sunbeam remain on the Consolidated Statement of Financial Position. Contributions from third parties are disclosed below, but not recognized as assets of Sunbeam. Sunbeam receives a distribution from the funds each year based on a percentage of the average fair market value of the funds over the five previous years. The balance of the funds at June 30, 2009 was as follows:

	OCCF	CFO, Inc.
Sunbeam transfers	26,574	11,051
Other contributions	219,946	3,285

The distribution for the year ended June 30, 2009 was \$12,896.

Note 11. Due to Grantors

Sunbeam received an advance on funding of \$115,500 from the Casey Family Programs in 2005 when the Long-Term Foster Care program was transitioned to Sunbeam. The advance was intended to ensure that Sunbeam had the liquidity needed to run the program. The advance is not part of the program funding and will be repaid to the Casey Family Programs, without interest, upon demand. The balance at June 30, 2009 was \$40,040.

Note 12. Prior Period Adjustment

Sunbeam has opted out of the state unemployment plan, and is therefore responsible for any unemployment claims paid on their behalf. The Organization makes quarterly deposits to a third party claims administrator based on their claim history. The funds on deposit with the administrator had been expensed in previous years; therefore, the June 30, 2008 balance of \$66,564 was recorded as a prior period adjustment to the beginning unrestricted net assets. Current year deposits are recorded as increases in the account balance and claims and administrative charges are expensed when incurred.

**PENDING APPROVAL**

**ADDITIONAL INFORMATION**

# PENDING APPROVAL

## SUNBEAM FAMILY SERVICES, INC

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year ended June 30, 2009

	Federal CFDA	Expenditures
Federal Grantor/Pass-Through Grantor		
Corporation for National and Community Services		
Direct Program:		
Senior Companion Program	94.016	387,370
U.S. Department of Health and Human Services		
Direct Program:		
Early Head Start	93.600	1,418,527
U.S. Department of Agriculture		
Pass-Through Oklahoma State Department of Education:		
Child and Adult Care Food Program	10.538	32,372
U.S. Department of Housing and Urban Development		
Pass-Through City of Oklahoma City:		
Emergency Shelter Grant	14.231	10,000

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

# PENDING APPROVAL

## SUNBEAM FAMILY SERVICES, INC

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2009

Note 1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of Sunbeam Family Services, Inc. and is presented on the accrual basis of accounting.

Note 2. Contingent Liabilities

The Organization participates in a number of Federal and state assisted programs. These programs are audited in accordance with *Government Auditing Standards* and the *Single Audit Act Amendments of 1996*, if applicable, in accordance with the required levels of Federal Financial Assistance. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may require further examinations. Based on prior experience, management believes that further examinations would not result in any significant disallowed costs.

# PENDING APPROVAL

## SUNBEAM FAMILY SERVICES, INC.

### STATEMENT OF ACTIVITIES - SUNBEAM FAMILY SERVICES, INC. - UNRESTRICTED Year ended June 30, 2009

	Child		Early Head Start	Educare	State Pilot	Therapeutic Foster Care	Emergency Foster Care	Long-Term Foster Care	Contracted Foster Care
	Counseling Services	Development Center							
<b>Revenue and Support</b>									
Grants and contracts	\$ 281,851	\$ 102,032	\$ 1,418,527	\$ 346,778	\$ 518,340	\$ 718,195	\$ 229,848	\$ 513,285	\$ 56,004
Client fees	77,751	40,060	-	-	-	-	-	-	-
United Way	171,873	277,563	-	-	-	26,255	-	-	-
OKC Social Service grant	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	908	-	-	-	-	-
Interest and dividends	-	-	-	-	-	-	-	-	-
Foundation income	-	-	-	-	-	-	-	-	-
allocated to Sunbeam	-	-	-	-	-	-	-	-	-
Contributions	375	-	10,046	-	-	6,089	1,550	-	150
In-kind	-	-	-	-	-	-	-	-	-
Gain (loss) on assets	-	-	-	-	-	-	-	-	-
	<u>531,850</u>	<u>419,655</u>	<u>1,428,573</u>	<u>347,686</u>	<u>518,340</u>	<u>750,539</u>	<u>231,398</u>	<u>513,285</u>	<u>56,154</u>
<b>Expenses</b>									
Salaries	328,981	183,444	606,288	148,133	239,939	222,045	104,605	85,209	14,321
Payroll taxes	36,786	24,581	60,148	12,972	23,107	21,921	10,396	14,561	1,228
Benefits	54,456	40,313	90,628	9,761	32,387	41,339	22,294	10,523	1,654
Professional fees	14,860	2,147	26,271	31,250	49,229	4,123	2,756	3,304	-
Office supplies and postage	3,720	2,760	24,642	4,820	431	3,517	1,726	857	-
Supplies	1,846	964	10,336	3,206	888	1,697	800	1,453	-
Telephone	2,981	3,385	5,947	548	-	2,893	1,831	1,152	40
Space costs	11,993	31,173	20,106	25,908	-	9,782	6,485	6,191	-
Printing and publications	3,506	940	6,473	-	55	2,336	1,654	1,941	-
Transportation	1,823	1,278	15,981	9,624	1,496	12,415	6,242	4,575	183
Conference and training	754	145	48,895	3,823	3,842	1,112	199	392	37
Dues and subscriptions	4,253	1,710	4,162	3,710	-	4,274	990	738	-
Equipment maintenance	4,326	1,364	13,306	2,434	3,282	779	-	-	-
Insurance	7,650	7,753	25,606	7,384	-	9,216	5,079	6,615	-
Direct services	5,226	30,939	355,818	99,048	173,861	330,808	104,337	228,984	18,005
Depreciation	5,950	4,452	5,451	-	-	1,862	1,402	1,280	-
Management and general	64,950	38,720	111,396	-	-	43,443	23,261	19,168	-
In-kind	-	-	-	-	-	-	-	-	-
	<u>554,061</u>	<u>376,068</u>	<u>1,431,454</u>	<u>362,621</u>	<u>528,517</u>	<u>713,562</u>	<u>294,057</u>	<u>386,943</u>	<u>35,468</u>
	<u>\$ (22,211)</u>	<u>\$ 43,587</u>	<u>\$ (2,881)</u>	<u>\$ (14,935)</u>	<u>\$ (10,177)</u>	<u>\$ 36,977</u>	<u>\$ (62,659)</u>	<u>\$ 126,342</u>	<u>\$ 20,686</u>

SUNBEAM FAMILY SERVICES, INC.

STATEMENT OF ACTIVITIES -  
SUNBEAM FAMILY SERVICES, INC. - UNRESTRICTED  
Year ended June 30, 2009

	Senior Shelter	Caregiver Fundamentals	Senior Companion	OKC Public Schools	Total Program Services	Management and General	Fundraising	Total
<b>Revenue and Support</b>								
Grants and contracts	\$ 148,943	\$ 164,831	\$ 441,845	\$ 85,568	\$ 5,026,047	\$ 41,579	\$ -	\$ 5,067,626
Client fees	-	-	-	-	117,811	-	-	117,811
United Way	74,398	-	167,474	-	717,563	20,000	-	737,563
OKC Social Service grant	10,000	-	-	-	10,000	-	-	10,000
Rental income	-	-	-	-	-	6,948	-	6,948
Interest and dividends	-	-	-	-	908	10,685	-	11,593
Foundation income	-	-	-	-	-	102,107	-	102,107
allocated to Sunbeam	-	-	-	-	-	96,119	-	96,119
Contributions	1,625	11,042	3,325	-	34,202	2,100	-	130,321
In-kind	-	-	20,371	-	20,371	-	-	22,471
Gain (loss) on assets	-	-	-	-	-	(2,731)	-	(2,731)
	<u>234,966</u>	<u>175,873</u>	<u>633,015</u>	<u>85,568</u>	<u>5,926,902</u>	<u>276,807</u>	<u>-</u>	<u>6,203,709</u>
<b>Expenses</b>								
Salaries	128,229	97,056	142,861	24,269	2,325,380	377,162	6,304	2,708,846
Payroll taxes	12,804	9,773	14,476	2,221	244,974	35,113	679	280,766
Benefits	26,614	10,384	25,598	544	366,495	84,616	307	451,418
Professional fees	1,892	8,611	4,859	114	149,416	80,890	3,400	233,706
Office supplies and postage	369	6,394	4,621	546	54,403	14,674	1,724	70,801
Supplies	1,382	1,428	612	420	25,032	16,980	-	42,012
Telephone	1,010	803	995	29	21,614	3,611	-	25,225
Space costs	11,722	2,250	7,056	1,356	134,022	11,742	-	145,764
Printing and publications	1,780	281	4,367	351	23,684	3,905	80	27,669
Transportation	1,300	10,269	3,951	2	69,139	2,542	-	71,681
Conference and training	882	1,186	799	9,373	71,439	348	-	71,787
Dues and subscriptions	1,859	410	681	-	22,787	3,481	-	26,268
Equipment maintenance	-	480	-	349	26,320	13,592	-	39,912
Insurance	5,015	2,182	7,084	-	83,584	11,224	-	94,808
Direct services	14,470	20,006	378,945	45,924	1,806,371	2,136	-	1,808,507
Depreciation	5,759	802	1,659	-	28,617	2,266	-	30,883
Management and general	26,360	18,093	29,166	-	374,557	(374,557)	-	-
In-kind	-	-	20,371	-	20,371	2,100	-	22,471
	<u>241,447</u>	<u>190,408</u>	<u>648,101</u>	<u>85,498</u>	<u>5,848,205</u>	<u>291,825</u>	<u>12,494</u>	<u>6,152,524</u>
	<u>\$ (6,481)</u>	<u>\$ (14,535)</u>	<u>\$ (15,086)</u>	<u>\$ 70</u>	<u>\$ 78,697</u>	<u>\$ (15,018)</u>	<u>\$ (12,494)</u>	<u>\$ 51,185</u>

*Luton & Co., PLLC*

CERTIFIED PUBLIC ACCOUNTANTS

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(405)848-7313 FAX (405)848-7316

Bruce L. Van Huisen  
David R. Brady

INDEPENDENT AUDITOR'S 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

Board of Directors  
Sunbeam Family Services, Inc.

We have audited the consolidated financial statements of Sunbeam Family Services, Inc. (the "Organization") as of and for the year ended June 30, 2009, and have issued our report thereon, dated November 13, 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Organization'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 the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization'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 organization'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 the Organization'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

# PENDING APPROVAL

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, others within the entity, 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.

*Luton & Co., PLLC*

Oklahoma City, Oklahoma  
November 13, 2009

*Luton & Co., PLLC*

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Bruce L. Van Huisen  
David R. Brady

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
Sunbeam Family Services, Inc.

Compliance

We have audited the compliance of Sunbeam Family Services, Inc. (the "Organization") 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 each of its major federal programs for the year ended June 30, 2009. The Organization's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization'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 the Organization'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 on the Organization's compliance with those requirements.

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

## Internal Control Over Compliance

The management of Sunbeam Family Services, Inc. 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 Sunbeam Family Services, Inc.'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 Sunbeam Family Services, Inc.'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 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 management, others within the entity, 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.

*Luton & Co., PLLC*

Oklahoma City, Oklahoma  
November 13, 2009

# PENDING APPROVAL

## SUNBEAM FAMILY SERVICES, INC.

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2009

#### SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the Sunbeam Family Services, Inc. consolidated financial statements.
2. There are no items required to be reported in the 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.
3. No instances of noncompliance material to the consolidated financial statements of Sunbeam Family Services, Inc. were disclosed during the audit.
4. There are no items required to be reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the Department of Health and Human Services Early Head Start Program expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Sunbeam Family Services, Inc., if any, are reported in this Schedule.
7. The program tested as a major program was: Department of Health and Human Services Early Head Start Program, CFDA No. 93.600.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Sunbeam Family Services, Inc. was determined to be a low risk auditee.

#### FINDINGS – FINANCIAL STATEMENT AUDIT

None

#### FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None

# PENDING APPROVAL

SUNBEAM FAMILY SERVICES, INC.

## SCHEDULE OF PRIOR AUDIT FINDINGS Year ended June 30, 2009

### Significant Deficiencies:

- 2008-1 – Review of a selection of cash disbursements revealed six instances of payments processed, paid or recorded incorrectly. No similar finding was noted.
- 2008-2 – The June 30, 2008 operating account bank reconciliation was not completed timely and contained several reconciling errors and numerous old outstanding items that needed to be researched and adjusted. Also, review of the accounts receivable aging and accounts payable detail revealed several older items that needed to be researched and adjusted. No similar finding was noted.