

# **The Children's Home Society of Florida Foundation, Inc.**

Financial Report  
June 30, 2011 and 2010



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## Independent Auditor's Report

To the Board of Directors  
The Children's Home Society of Florida Foundation, Inc.  
Winter Park, Florida

We have audited the accompanying statements of financial position of The Children's Home Society of Florida Foundation, Inc. as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the year ended June 30, 2011 and the eighteen months ended June 30, 2010. These financial statements are the responsibility of the Foundation's management. 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 audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Children's Home Society of Florida Foundation, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the year ended June 30, 2011 and the eighteen months ended June 30, 2010 in conformity with accounting principles generally accepted in the United States of America.

*McGladrey & Pullen, LLP*

Orlando, Florida  
December 19, 2011

The Children's Home Society of Florida Foundation, Inc.

Statements of Financial Position  
June 30, 2011 and 2010

	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$ 548,353	\$ 350,762
Interest and dividends receivable	59,200	53,773
Contributions receivable	180,699	325,000
Pledges receivable, net	43,196	56,943
Investments	16,061,778	12,400,774
Other assets	2,025	7,396
<b>Total assets</b>	<b>\$ 16,895,251</b>	<b>\$ 13,194,648</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 42,590	\$ 64,288
<b>Total liabilities</b>	<b>42,590</b>	<b>64,288</b>
Net Assets:		
Temporarily restricted	9,105,407	5,390,993
Permanently restricted	7,747,254	7,739,367
<b>Total net assets</b>	<b>16,852,661</b>	<b>13,130,360</b>
<b>Total liabilities and net assets</b>	<b>\$ 16,895,251</b>	<b>\$ 13,194,648</b>

See Notes to Financial Statements.

The Children's Home Society of Florida Foundation, Inc.

**Statements of Activities**  
**Year Ended June 30, 2011 and Eighteen**  
**Months Ended June 30, 2010**

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and Revenue:				
Support – contributions	\$ -	\$ 343,101	\$ 7,887	\$ 350,988
Investment income:				
Dividends and interest	-	427,062	-	427,062
Realized gains on sale of investments, net	-	913,566	-	913,566
Unrealized appreciation on investments	-	1,887,673	-	1,887,673
Net assets released from restrictions	537,687	(537,687)	-	-
<b>Total support and revenue</b>	<b>537,687</b>	<b>3,033,715</b>	<b>7,887</b>	<b>3,579,289</b>
Expenses:				
Personnel expenses	82,615	-	-	82,615
Professional fees	155,655	-	-	155,655
Other expenses	58,229	-	-	58,229
Rent and occupancy costs	42,278	-	-	42,278
Travel	6,076	-	-	6,076
<b>Total expenses</b>	<b>344,853</b>	<b>-</b>	<b>-</b>	<b>344,853</b>
<b>Change in net assets before other changes</b>	<b>192,834</b>	<b>3,033,715</b>	<b>7,887</b>	<b>3,234,436</b>
Other changes:				
Contributions from The Children's Home Society of Florida	-	680,699	-	680,699
Contributions to The Children's Home Society of Florida	(192,834)	-	-	(192,834)
<b>Change in other changes</b>	<b>(192,834)</b>	<b>680,699</b>	<b>-</b>	<b>487,865</b>
<b>Change in net assets</b>	<b>-</b>	<b>3,714,414</b>	<b>7,887</b>	<b>3,722,301</b>
Net assets:				
Beginning	-	5,390,993	7,739,367	13,130,360
Ending	\$ -	\$ 9,105,407	\$ 7,747,254	\$ 16,852,661

(Continued)

The Children's Home Society of Florida Foundation, Inc.

Statements of Activities (Continued)  
 Year Ended June 30, 2011 and Eighteen  
 Months Ended June 30, 2010

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and Revenue:				
Support – contributions	\$ -	\$ 332,186	\$ 167,925	\$ 500,111
Investment income:				
Dividends and interest	-	552,426	-	552,426
Capital gains reinvested	-	613	-	613
Realized losses on sale of investments, net	-	(2,304,392)	-	(2,304,392)
Unrealized appreciation on investments	-	3,409,154	-	3,409,154
Net assets released from restrictions	998,656	(998,656)	-	-
<b>Total support and revenue</b>	<b>998,656</b>	<b>991,331</b>	<b>167,925</b>	<b>2,157,912</b>
Expenses:				
Personnel expenses	406,547	-	-	406,547
Professional fees	154,070	-	-	154,070
Other expenses	141,582	-	-	141,582
Rent and occupancy costs	58,957	-	-	58,957
Travel	28,351	-	-	28,351
<b>Total expenses</b>	<b>789,507</b>	<b>-</b>	<b>-</b>	<b>789,507</b>
<b>Change in net assets before other changes</b>	<b>209,149</b>	<b>991,331</b>	<b>167,925</b>	<b>1,368,405</b>
Other changes:				
Contribution from The Children's Home Society of Florida	-	325,000	-	325,000
Contributions to The Children's Home Society of Florida	(209,149)	-	-	(209,149)
<b>Change in other changes</b>	<b>(209,149)</b>	<b>325,000</b>	<b>-</b>	<b>115,851</b>
<b>Change in net assets</b>	<b>-</b>	<b>1,316,331</b>	<b>167,925</b>	<b>1,484,256</b>
Net assets:				
Beginning	-	4,074,662	7,571,442	11,646,104
Ending	\$ -	\$ 5,390,993	\$ 7,739,367	\$ 13,130,360

See Notes to Financial Statements.

The Children's Home Society of Florida Foundation, Inc.

**Statements of Cash Flows**  
**Year Ended June 30, 2011 and Eighteen**  
**Months Ended June 30, 2010**

	2011	2010
Cash Flows From Operating Activities		
Change in net assets	\$ 3,722,301	\$ 1,484,256
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of pledges discount	(1,386)	443
Provision for uncollectible pledges	(3,784)	(24,669)
Net realized (gains) losses on sale of investments	(913,566)	2,304,392
Change in unrealized appreciation on investments	(1,887,673)	(3,409,154)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Interest and dividends receivable	(5,427)	(8,436)
Contributions receivable	144,301	(242,339)
Pledges receivable	18,917	123,347
Other assets	5,371	22,601
Increase (decrease) in liabilities:		
Accounts payable	(21,698)	31,985
Assets held in trust	-	(25,000)
<b>Net cash provided by operating activities</b>	<b>1,057,356</b>	<b>257,426</b>
Cash Flows From Investing Activities		
Proceeds from sales of investments	8,960,339	20,843,306
Purchases of investments	(9,820,104)	(21,171,829)
<b>Net cash used in investing activities</b>	<b>(859,765)</b>	<b>(328,523)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>197,591</b>	<b>(71,097)</b>
Cash and cash equivalents:		
Beginning	350,762	421,859
Ending	<b>\$ 548,353</b>	<b>\$ 350,762</b>

See Notes to Financial Statements.

## The Children's Home Society of Florida Foundation, Inc.

### Notes to Financial Statements

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

**Nature of organization:** On December 7, 1984, the Board of Directors of The Children's Home Society of Florida (CHS) authorized a campaign to generate permanent endowment funds for "Tomorrow's Children."

In order to ensure the permanency of the Tomorrow's Children fund, The Children's Home Society of Florida Foundation, Inc. (the Foundation) was established as a separate entity and was incorporated on December 18, 1990. Operations began April 1, 1991, upon the initial transfer of assets from CHS. The Foundation was organized to operate exclusively for the benefit of CHS and may receive contributions designated by the donor as temporarily or permanently restricted or open endowment funds from any source acceptable to its Board of Directors. In accordance with the amended and restated Articles of Incorporation, the Foundation can hold funds which are available (both principal and interest) to CHS at the discretion of the Board of Directors of the Foundation or based on the nature of the contributions. All fundraising activities are performed by CHS; therefore, no fundraising expenses are included in the accompanying financial statements.

**Change in fiscal year:** On February 5, 2010, the Board of Directors authorized a change in the Foundation's Articles of Incorporation to change from a fiscal period ending on December 31, to June 30. In accordance with this change, the accompanying statements of activities and cash flows for the period ended June 30, 2010 cover a period of eighteen months. The financial statements for the year ended June 30, 2011 cover a full fiscal year (twelve months). The results of operations for the eighteen months ended June 30, 2010, are not indicative of the results of operations that may be expected for a full fiscal year.

A summary of the Foundation's significant accounting policies follows:

**Basis of presentation:** The accompanying financial statements have been prepared on the accrual basis of accounting.

A not-for-profit organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. Since all contributions can only benefit CHS, all contributions, unless permanently restricted, are considered temporarily restricted.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met, either by actions of the Foundation and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be permanently maintained by the Foundation.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

## The Children's Home Society of Florida Foundation, Inc.

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Support and revenue recognition:** Contributions, including unconditional promises to give (pledges), are recognized as revenue in the period received at their fair values. Conditional promises are recorded as revenue when the conditions are met. Unconditional promises to give to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. The Foundation uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges. Earnings on contributions are restricted to use as specified by the donor. When donor restrictions are met, the earnings are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

**Contributed services:** Contributed services are recognized and recorded at fair value only to the extent they create or enhance non-financial assets or require specialized skills, are provided by individuals possessing these skills and would typically need to be purchased if not provided by donations. The Foundation recorded no contributed services for the year ended June 30, 2011 and for the eighteen months ended June 30, 2010. However, many individuals volunteer time and perform a variety of tasks for the Foundation. The value of the volunteered time for these functions are not included in the financial statements because it does not meet the recognition criteria.

**Cash and cash equivalents:** For purposes of the statements of cash flows, the Foundation considers all short-term securities issued by financial institutions with an original maturity of three months or less to be cash and cash equivalents.

**Investments and investment income:** Investments are reported at fair value (see Note 3). Realized gains and losses are recorded at date of disposition based on the difference between the net proceeds and the cost of the investments sold, using the specific identification method. Unrealized gains and losses are reported for the changes in fair value between reporting periods. Interest and dividend income is recognized when earned. Investment income is reported in the accompanying statements of activities as increases or decreases in temporarily restricted net assets unless their use is permanently restricted by explicit donor stipulations or by law.

**Income taxes:** The Foundation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and from state income taxes under a similar provision of the Florida statutes. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements.

The Foundation follows accounting standards relating to accounting for uncertainty in income taxes. The Foundation assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying financial statements. The Foundation files income tax returns in the U.S. federal jurisdiction. Generally, the Foundation is no longer subject to U.S. federal income tax examinations by tax authorities for years before June 30, 2008.

**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 support and revenue, and expenses during the reporting period. Actual results could differ from those estimates.

## The Children's Home Society of Florida Foundation, Inc.

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Recent accounting pronouncements:** The Financial Accounting Standards Board (FASB) and other entities issued new or modifications to, or interpretations of, existing accounting guidance during the year ended June 30, 2011. The Foundation has considered the new unadopted guidance, and other than as disclosed in these notes to the financial statements, does not believe that any other new or modified guidance will have a material impact on the Foundation's reported financial position or activities in the near term.

**Subsequent events:** Management has assessed subsequent events through December 19, 2011, the date the financial statements were available to be issued.

**Endowments Funds:** The Foundation follows accounting standards relating to endowments of not-for-profit organizations and net asset classification of funds subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and enhanced disclosures for all endowment funds. These standards require additional disclosures about endowments (both donor-restricted funds and board-designated funds) for all organizations, including those that are not yet subject to an enacted version of UPMIFA. As of June 30, 2011, the State of Florida has not adopted UPMIFA. However, the State of Florida adopted UPMIFA effective July 1, 2011, which will be effective for the Foundation for the year ended June 30, 2012. Management has not determined the impact, if any, that the adoption of UPMIFA will have on the classification of net assets.

The Foundation maintains the original historical dollar value of the contribution received as an endowment. The Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) those limited circumstances where donors have required that a portion of investment return be added to the endowment.

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund.
- 2) The purposes of the Foundation and the donor-restricted endowment fund.
- 3) General economic conditions.
- 4) The possible effect of inflation and deflation.
- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of the Foundation.
- 7) The investment policies of the Foundation.

*Spending Policy* – Endowments are established to preserve principal and generate an income stream to support the purpose of the funds held. A spending policy establishes a reasonable, sustainable, consistent and predictable expenditure level which enables the Foundation to use endowment earnings to support its operations and CHS to the fullest extent possible, while ensuring that the principal value of the endowment is maintained and protected from the effects of inflation.

**The Children's Home Society of Florida Foundation, Inc.**

**Notes to Financial Statements**

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**Note 1. Nature of Organization and Significant Accounting Policies (Continued)**

The Foundation has established a policy that investment income from endowments are used to support its operations and CHS. Investment income from endowments to be used to support its operations and CHS is determined by investment earnings on endowments, net of any realized gains or losses. The original principal in the restricted endowment is invested in perpetuity and thus is not available to fund any draws.

*Investment Policy* – The general investment objective is to provide income to augment and support current operating needs and to provide contributions to CHS, together with principal growth to offset the effects of inflation. The endowment funds are diversified across asset classes to achieve an optimal balance between risk and return. The Foundation establishes a reasonable risk level it is willing to accept when it determines in which funds to invest. The Board of Directors is responsible for determining how and where funds are invested. All investments will be made within the Investment Policy Guidelines set by the Board of Directors.

**Note 2. Pledges Receivable**

Pledges receivable, which represent unconditional promises to give, at June 30, 2011 and 2010 are summarized as follows:

	<u>2011</u>	<u>2010</u>
Amounts due:		
Within one year	\$ 33,543	\$ 32,004
One to five years	22,120	42,576
	<u>55,663</u>	<u>74,580</u>
Less:		
Discount for time-value of money	(1,335)	(2,721)
Allowance for uncollectible pledges	(11,132)	(14,916)
	<u>\$ 43,196</u>	<u>\$ 56,943</u>

## The Children's Home Society of Florida Foundation, Inc.

### Notes to Financial Statements

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#### Note 3. Investments and Fair Value Measurements

The fair value of investments at June 30, 2011 and 2010 consists of the following:

	<u>2011</u>	<u>2010</u>
Equity securities:		
Common stocks:		
S&P 500 stocks	\$ 6,267,524	\$ 4,948,044
S&P Midcap 400 stocks	1,294,987	589,477
Other stocks	772,839	506,322
Mutual funds:		
Foreign Large Blend fund	1,902,694	1,452,700
Large Blend fund	164,863	130,877
Intermediate Term Bond fund	75,393	77,245
Short Term Bond fund	53,506	57,341
Diversified Emerging Markets fund	23,338	3,419
Foreign Small/Mid Growth fund	9,958	-
Small Blend fund	8,798	1,353
Mid Cap Blend fund	8,793	1,422
Debt securities:		
Corporate and foreign bonds	2,149,541	2,515,050
U.S. government obligations	1,457,974	1,926,823
U.S. treasury obligations	344,342	190,701
Real estate investment trusts	1,527,228	-
	<u>\$ 16,061,778</u>	<u>\$ 12,400,774</u>

The Foundation invests in various investment securities in accordance with its investment policy. These investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the uncertainty related to changes in their values, it is reasonable to expect that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balance.

The Foundation follows accounting standards relating to fair value measurements which defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards relating to fair value measurements establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the

**The Children’s Home Society of Florida Foundation, Inc.**

**Notes to Financial Statements**

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**Note 3. Investments and Fair Value Measurements (Continued)**

valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Investments recorded at fair value in the accompanying statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by this guidance, are as follows:

<b>Level Input</b>	<b>Input Definition</b>
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Fair value of actively traded debt and equity securities are based on quoted market prices. Fair value of inactively traded debt securities are based on quoted market prices of identical or similar securities or based on observable inputs like interest rates using either a market or income valuation approach and are generally classified as Level II.

The fair value of the Foundation’s Level III investment is determined based on the net asset value of the investment, as provided by the investment manager.

The Children's Home Society of Florida Foundation, Inc.

Notes to Financial Statements

**Note 3. Investments and Fair Value Measurements (Continued)**

The following table summarizes fair value measurements by level at June 30, 2011 and 2010 for investments measured at fair value on a recurring basis:

	2011			
	Fair Value Measurements Using			
	Quoted Prices in			Total
	Active Markets for Identical Assets (Level I)	Significant Observable Inputs (Level II)	Other Unobservable Inputs (Level III)	
Equity securities:				
Common stocks:				
S&P 500 stocks	\$ 6,267,524	\$ -	\$ -	\$ 6,267,524
S&P Midcap 400 stocks	1,294,987	-	-	1,294,987
Other stocks	772,839	-	-	772,839
Mutual funds:				
Foreign Large Blend fund	1,902,694	-	-	1,902,694
Large Blend fund	164,863	-	-	164,863
Intermediate Term Bond	75,393	-	-	75,393
Short Term Bond fund	53,506	-	-	53,506
Diversified Emerging Markets fund	23,338	-	-	23,338
Foreign Small/Mid Growth fund	9,958	-	-	9,958
Small Blend fund	8,798	-	-	8,798
Mid Cap Blend fund	8,793	-	-	8,793
Debt securities:				
Corporate and foreign bonds	2,149,541	-	-	2,149,541
U.S. government obligations	-	1,457,974	-	1,457,974
U.S. treasury obligations	344,342	-	-	344,342
Real estate investment trusts	-	-	1,527,228	1,527,228
	<b>\$ 13,076,576</b>	<b>\$ 1,457,974</b>	<b>\$ 1,527,228</b>	<b>\$ 16,061,778</b>

The Children's Home Society of Florida Foundation, Inc.

Notes to Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

	2010			
	Fair Value Measurements Using			
	Quoted Prices in	Significant Other		Total
	Active Markets for Identical Assets (Level I)	Observable Inputs (Level II)	Unobservable Inputs (Level III)	
Equity securities:				
Common stocks:				
S&P 500 stocks	\$ 4,948,044	\$ -	\$ -	\$ 4,948,044
S&P Midcap 400 stocks	589,477	-	-	589,477
Other stocks	506,322	-	-	506,322
Mutual funds:				
Foreign Large Blend fund	1,452,700	-	-	1,452,700
Large Blend fund	130,877	-	-	130,877
Intermediate Term Bond	77,245	-	-	77,245
Short Term Bond fund	57,341	-	-	57,341
Diversified Emerging Markets fund	3,419	-	-	3,419
Small Blend fund	1,353	-	-	1,353
Mid Cap Blend fund	1,422	-	-	1,422
Debt securities:				
Corporate and foreign bonds	2,515,050	-	-	2,515,050
U.S. government obligations	201,532	1,725,291	-	1,926,823
U.S. treasury obligations	190,701	-	-	190,701
	<u>\$ 10,675,483</u>	<u>\$ 1,725,291</u>	<u>\$ -</u>	<u>\$ 12,400,774</u>

The table below sets forth a summary of the changes in the fair value of the Foundation's Level III investment during the year ended June 30, 2011:

	Real Estate Investment Trusts
Balance, beginning of year	\$ -
Purchases	1,415,504
Net unrealized appreciation	111,724
Balance, end of year	<u>\$ 1,527,228</u>

**The Children's Home Society of Florida Foundation, Inc.**

**Notes to Financial Statements**

**Note 4. Related Party Transactions**

The Foundation is related to CHS through common members of both the Foundation's and the CHS' boards, however, the Foundation and CHS have separate boards. The Foundation does not have majority voting control over CHS as well as CHS does not have majority voting control over the Foundation. Accordingly, the financial statements of the Foundation are not consolidated with CHS.

Distributions of net investment income, less reasonable and necessary expenses of the Foundation, are typically distributed to CHS upon approval by the Foundation's board of directors. The contributions made to CHS during the year ended June 30, 2011 and the eighteen months ended June 30, 2010 was \$192,834 and \$209,149, respectively.

CHS contributed \$680,699 and \$325,000 to the Foundation, during the year ended June 30, 2011 and the eighteen months ended June 30, 2010.

CHS provides support services to the Foundation. Support services include a portion of salaries and benefits for certain CHS employees, professional fees, occupancy costs, and other management and general expenses. The cost of these support services for the year ended June 30, 2011 and the eighteen months ended June 30, 2010 was \$32,923 and \$78,903, respectively, and is included in other expenses in the accompanying statements of activities.

**Note 5. Net Assets**

Permanently restricted net assets consist of endowments whereby the principal is permanently restricted in accordance with donor stipulations. Income is available for use by the Foundation according to donor stipulations. Temporarily restricted net assets are available for the following purposes (which includes income from permanently restricted net assets), and permanently restricted net assets are restricted to the following as of June 30, 2011 and 2010:

<b>Year Ended June 30, 2011</b>	<b>Temporarily Restricted Net Assets</b>	<b>Permanently Restricted Net Assets</b>	<b>Total</b>
Restricted to a Division of CHS:			
Buckner	\$ 1,656,552	\$ 1,761,587	\$ 3,418,139
Central Florida	387,814	18,556	406,370
Gulf Coast	153,473	573,008	726,481
Intercoastal	9,910	91,040	100,950
Southwest	2,358	43,740	46,098
Mid-Florida	23,327	37,766	61,093
North Central	2,478	45,961	48,439
North Coastal	113,001	304,903	417,904
South Coastal	1,337,283	260,453	1,597,736
Brevard	9,538	803	10,341
Southeastern	2,311,744	195,240	2,506,984
Western	15,754	24,068	39,822
Treasure Coast	1,098,522	4,074	1,102,596
Corporate	17,194	10,343	27,537
Other restricted amounts for CHS operations	1,966,459	4,375,712	6,342,171
	<b>\$ 9,105,407</b>	<b>\$ 7,747,254</b>	<b>\$ 16,852,661</b>

The Children's Home Society of Florida Foundation, Inc.

Notes to Financial Statements

Note 5. Net Assets (Continued)

Eighteen Months Ended June 30, 2010	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Restricted to a Division of CHS:			
Buckner	\$ 1,060,182	\$ 1,758,700	\$ 2,818,882
Central Florida	(1,215)	18,556	17,341
Gulf Coast	11,751	573,008	584,759
Intercoastal	(6,309)	91,040	84,731
Southwest	(5,049)	43,740	38,691
Mid-Florida	13,512	37,766	51,278
North Central	(5,305)	45,961	40,656
North Coastal	(54,142)	304,903	250,761
South Coastal	1,077,204	255,453	1,332,657
Brevard	7,696	803	8,499
Southeastern	1,884,667	195,240	2,079,907
Western	4,356	24,068	28,424
Treasure Coast	421,371	4,074	425,445
Corporate	12,365	10,343	22,708
Other restricted amounts for CHS operations	969,909	4,375,712	5,345,621
	\$ 5,390,993	\$ 7,739,367	\$ 13,130,360

Note 6. Functional Classification of Expenses

Expenses by function for the year ended June 30, 2011 and the eighteen months ended June 30, 2010 were as follows:

	2011	2010
Expenses:		
Program services	\$ 292,764	\$ 683,704
Management and general	52,089	105,803
	\$ 344,853	\$ 789,507

**The Children's Home Society of Florida Foundation, Inc.**

**Notes to Financial Statements**

**Note 7. Endowments**

In accordance with accounting standards relating to endowments, the Foundation had the following donor-restricted endowment-related activities during the year ended June 30, 2011 and the eighteen months ended June 30, 2010:

<u>Year Ended June 30, 2011</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Donor-restricted endowment funds – July 1, 2010	\$ 5,390,993	\$ 7,739,367
Support – contributions	343,101	7,887
Contributions from The Children's Home Society of Florida	680,699	-
Investment income:		
Dividends and interest	427,062	-
Realized gains on sale of investments, net	913,566	-
Unrealized appreciation on investments	1,887,673	-
Appropriation for expenditures	(537,687)	-
Donor-restricted endowment funds – June 30, 2011	<u>\$ 9,105,407</u>	<u>\$ 7,747,254</u>

<u>Eighteen Months Ended June 30, 2010</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Donor-restricted endowment funds – January 1, 2009	\$ 4,074,662	\$ 7,571,442
Support – contributions	332,186	167,925
Contribution from The Children's Home Society of Florida	325,000	-
Investment income:		
Dividends and interest	552,426	-
Capital gains reinvested	613	-
Realized losses on sale of investments, net	(2,304,392)	-
Unrealized appreciation on investments	3,409,154	-
Appropriation for expenditures	(998,656)	-
Donor-restricted endowment funds – June 30, 2010	<u>\$ 5,390,993</u>	<u>\$ 7,739,367</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund in perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in temporarily restricted net assets and was \$72,020 as of June 30, 2010. There were no deficiencies as of June 30, 2011.