

**Davis Family Support Center, Inc. d.b.a. Family Connection Center**

**Year Ended June 30, 2007**

**Financial Statements**

**And**

**Independent Auditor's Report**

**With Supplementary Information**

**And**

**Compliance Reports**



**Davis Family Support Center, Inc.  
d.b.a. Family Connection Center**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Davis Family Support Center, Inc.  
d.b.a. Family Connection Center  
Clearfield, UT

We have audited the accompanying statement of financial position of Davis Family Support Center, Inc. d.b.a. Family Connection Center (a nonprofit organization) as of June 30, 2007, 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. The prior year summarized comparative information has been derived from the Organization's June 30, 2006 financial statements and, in our report dated August 30, 2006, we expressed an unqualified opinion on those financial statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of Davis Family Support Center, Inc. d.b.a. Family Connection Center as of June 30, 2007, 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 December 19, 2007 on our consideration of Davis Family Support Center, Inc. d.b.a. Family Connection Center's internal control over financial reporting and 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 performed for the purpose of forming an opinion on the basic financial statements of Davis Family Support Center, Inc. d.b.a. Family Connection Center taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Shaw Mumford & Co., P.C.*

Bountiful, Utah  
December 19, 2007

**Davis Family Support Center, Inc.**  
**d.b.a. Family Connection Center**  
**Statement of Financial Position**  
**June 30, 2007**  
**With Comparative Totals For June 30, 2006**

	<u>6/30/2007</u>	<u>6/30/2006</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 7,794	\$ 27,844
Accounts and grants receivable	126,868	71,087
Food bank inventory	170,880	34,307
Investments	-	354
Prepaid expenses	<u>1,927</u>	<u>9,036</u>
Total current assets	<u>307,469</u>	<u>142,628</u>
Fixed assets, at cost		
Land	55,736	55,736
Buildings	1,693,511	1,396,653
Furniture and equipment	85,392	83,222
Vehicles	<u>59,072</u>	<u>28,030</u>
Total fixed assets	1,893,711	1,563,641
Less accumulated depreciation	<u>(507,099)</u>	<u>(437,413)</u>
Net fixed assets	<u>1,386,612</u>	<u>1,126,228</u>
Total assets	<u>\$ 1,694,081</u>	<u>\$ 1,268,856</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Checks in excess of cash in bank	\$ 60,757	\$ -
Accounts payable	18,073	650
Accrued liabilities	27,383	18,657
Current portion of long-term debt	<u>15,992</u>	<u>9,698</u>
Total current liabilities	<u>122,205</u>	<u>29,005</u>
Long-term debt, net of current portion	<u>537,157</u>	<u>247,275</u>
Total liabilities	<u>659,362</u>	<u>276,280</u>
Net assets		
Unrestricted	1,005,665	985,672
Temporarily restricted	29,054	6,904
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>1,034,719</u>	<u>992,576</u>
Total liabilities and net assets	<u>\$ 1,694,081</u>	<u>\$ 1,268,856</u>

See accompanying notes to financial statements.

# Davis Family Support Center, Inc.

## d.b.a. Family Connection Center

### Statement of Activities

Year Ended June 30, 2007

With Comparative Totals For The Year Ended June 30, 2006

	6/30/2007			6/30/2007 Total	6/30/2006 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>REVENUES AND SUPPORT</b>					
In-kind donations - food	\$ 266,340	\$ -	\$ -	\$ 266,340	\$ 446,432
HUD grant	251,730	-	-	251,730	268,000
Utah DCFS grants	234,771	-	-	234,771	228,586
CSBG grants	156,990	-	-	156,990	185,171
Public donations	120,906	29,054	-	149,960	108,461
Sales tax reimbursements	136,800	-	-	136,800	128,632
CDBG grants	101,640	-	-	101,640	237,918
United Way donations	82,265	-	-	82,265	95,753
Volunteer services	71,782	-	-	71,782	58,872
FEMA	69,656	-	-	69,656	74,314
DWS Outreach	69,431	-	-	69,431	34,824
Utah State University	40,000	-	-	40,000	-
Other state grants	38,888	-	-	38,888	32,089
VOCA grant	27,899	-	-	27,899	28,748
United Way Title XX	17,616	-	-	17,616	6,662
Emergency Food Network	16,525	-	-	16,525	16,700
Client fees and other income	15,668	-	-	15,668	10,721
Counseling fees	11,622	-	-	11,622	16,205
CMA Food program	5,323	-	-	5,323	4,245
Interest income	192	-	-	192	239
Realized loss on investment	(169)	-	-	(169)	-
Net assets released from restrictions	6,904	(6,904)	-	-	-
	<u>1,742,779</u>	<u>22,150</u>	<u>-</u>	<u>1,764,929</u>	<u>1,982,572</u>
<b>EXPENSES</b>					
Program services	1,549,051	-	-	1,549,051	1,712,106
Management and general	146,279	-	-	146,279	107,641
Fundraising	27,456	-	-	27,456	63,699
	<u>1,722,786</u>	<u>-</u>	<u>-</u>	<u>1,722,786</u>	<u>1,883,446</u>
Change in net assets	19,993	22,150	-	42,143	99,126
Net assets, beginning of year	<u>985,672</u>	<u>6,904</u>	<u>-</u>	<u>992,576</u>	<u>893,450</u>
Net assets, end of year	<u>\$ 1,005,665</u>	<u>\$ 29,054</u>	<u>\$ -</u>	<u>\$ 1,034,719</u>	<u>\$ 992,576</u>

See accompanying notes to financial statements.

**Davis Family Support Center, Inc.**  
**d.b.a. Family Connection Center**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2007**  
**With Comparative Totals For The Year Ended June 30, 2006**

	<u>6/30/2007</u>			<u>6/30/2007</u> Total	<u>6/30/2006</u> Total
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>		
Salaries and wages	\$ 677,901	\$ 95,984	\$ 17,408	\$ 791,293	\$ 701,172
Payroll taxes	51,829	7,338	1,331	60,498	71,164
Employee benefits	54,769	7,755	1,406	63,930	64,704
 Total salaries and related expenses	 784,499	 111,077	 20,145	 915,721	 837,040
Community assistance	223,490	-	-	223,490	246,331
In-kind donations - food	129,767	-	-	129,767	412,125
Volunteer services	71,782	-	-	71,782	58,872
Utilities	40,419	5,723	1,038	47,180	44,142
Supplies	28,413	4,023	730	33,166	36,895
Conferences and workshops	26,272	3,720	675	30,667	20,526
Housing/rent assistance	26,344	-	-	26,344	13,414
Mortgage interest	18,578	2,631	477	21,686	6,810
Insurance	17,942	2,541	461	20,944	20,019
Government grant refund	20,000	-	-	20,000	-
Telephone	15,120	2,141	388	17,649	9,708
Professional fees	12,790	1,811	328	14,929	13,509
Maintenance	12,667	1,793	325	14,785	22,020
Retirement	11,480	1,625	295	13,400	9,373
Travel	10,876	1,540	279	12,695	18,118
Miscellaneous	8,048	1,140	207	9,395	20,144
Copying and publications	7,636	1,081	196	8,913	14,935
Membership dues and fees	4,066	576	104	4,746	3,328
Food	3,472	492	89	4,053	3,309
Postage	3,186	451	82	3,719	3,235
Sub for Santa	3,386	-	-	3,386	3,973
Subcontract and work-study	1,705	242	44	1,991	451
Licenses and permits	1,269	180	33	1,482	1,457
Advertising	1,036	147	27	1,210	1,579
 Total expenses before depreciation	 1,484,243	 142,934	 25,923	 1,653,100	 1,821,313
Depreciation	64,808	3,345	1,533	69,686	62,133
 Total expenses	 <u>\$ 1,549,051</u>	 <u>\$ 146,279</u>	 <u>\$ 27,456</u>	 <u>\$ 1,722,786</u>	 <u>\$ 1,883,446</u>

See accompanying notes to financial statements.

**Davis Family Support Center, Inc.**  
**d.b.a. Family Connection Center**  
**Statement of Cash Flows**  
**Year Ended June 30, 2007**  
**With Comparative Totals For The Year Ended June 30, 2006**

	<u>6/30/2007</u>	<u>6/30/2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 42,143	\$ 99,126
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	69,686	62,133
Changes in current assets and liabilities:		
Accounts receivable	(55,781)	43,322
Food bank inventory	(136,573)	(34,307)
Prepaid expenses	7,111	(1,259)
Checks in excess of cash in bank	60,757	-
Accounts payable	17,423	575
Accrued liabilities	8,726	12,138
	<u>13,492</u>	<u>181,728</u>
Net cash provided by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash received on sale of investments	354	-
Cash paid for the purchase of fixed assets	(330,071)	(9,220)
	<u>(329,717)</u>	<u>(9,220)</u>
Net cash (used in) investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	335,000	6,180
Principal payments on long-term debt	(38,825)	(183,827)
	<u>296,175</u>	<u>(177,647)</u>
Net cash provided by (used in) financing activities		
Net change in cash	(20,050)	(5,139)
Cash and cash equivalents, beginning of year	<u>27,844</u>	<u>32,983</u>
Cash and cash equivalents, end of year	<u>\$ 7,794</u>	<u>\$ 27,844</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ 21,686</u>	<u>\$ 6,810</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**Davis Family Support Center, Inc.**  
**d.b.a. Family Connection Center**  
Notes to Financial Statements  
June 30, 2007

**1. ORGANIZATION BASIS OF PRESENTATION**

Davis Family Support Center, Inc. d.b.a. Family Connection Center (the "Organization") was incorporated under the laws of the State of Utah as a nonprofit corporation on September 24, 1985. The Organization's purpose is to protect children, strengthen and shelter families and individuals, foster self-sufficiency, and facilitate a caring community. The organization does this by providing emergency assistance, food bank operations, parenting education, home-based support, neuro-feedback therapy, child care in times of crisis or stress, support of victims of domestic violence, counseling for marital discord, transitioning out of homelessness, and teaching communication and language skills. The Vision statement of the organization is "When your life has you feeling abandoned, angry, depressed, hopeless, and stressed, the Family Connection Center Team can help put you back on the road to fulfillment-One step at a time.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Statements of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations" and SFAS No. 116, "Accounting for Contributions Received and Contributions Made."

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Estimates in the Financial Statements

The preparation of financial statements in conformity with U.S. 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 period. Actual results could differ from those estimates.

Classes of Net Assets

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a. Unrestricted net assets represent the portion of net assets not subject to donor restrictions.
- b. Temporarily restricted net assets arise from contributions that are restricted by the donor for specific purposes or time periods.
- c. Permanently restricted net assets arise from contributions that are restricted by the donor in perpetuity.

All contributions are considered available for unrestricted use, unless specifically restricted by the donors. All expenses are reported as changes in unrestricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

#### Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at their estimated collectible amounts. The Organization's accounts receivable are generally short-term in nature; thus accounts receivable do not bear interest.

Accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. An allowance for doubtful accounts has not been established because management believes that all accounts receivable will be fully collectible.

#### Food Bank Inventory

Food bank inventory is valued at the estimated fair market value of the food donated.

#### Fixed Assets

Fixed assets are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed \$1,000. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets, which range from five to twenty-five years. Depreciation expense for the year ended June 30, 2007 was \$69,686.

#### Contributions

Unconditional promises to give are recognized as revenue when the underlying promises are received by the Organization. Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

#### Income taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2007.

#### Donated services

Volunteers and advisors have donated substantial time in assisting the Organization in achieving the goals of its programs. Amounts applicable to donated services that meet the requirements of SFAS No. 116 have been included in the accompanying financial statements.

#### Government Funding

Funding from all government sources is considered to be unrestricted as long as it is expended under contract guidelines and is expended in the period for which it is contracted.

#### Concentrations of Credit Risks

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. At June 30, 2007, there were no uninsured balances.

The Organization receives a significant amount of its funding from government sources. Decreases in this government support would have an adverse effect upon the Organization.

Functional Allocation of Expenses

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

Investment 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 with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Fair Value of Financial Instruments

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2007, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Reclassifications

Certain items from June 30, 2006 have been reclassified to conform to the June 30, 2007 presentation.

**3. LONG-TERM DEBT**

Long-term debt consisted of the following at June 30, 2007:

Mortgage note payable to a bank in monthly installments of \$2,617 including interest at 6.5%; due in October 2026; secured by land and building with a cost of \$335,000	\$ 332,067
Mortgage note payable to a governmental agency in monthly installments of \$990 including interest at 3.0%; a 30-year note beginning November 1, 2001; secured by land and buildings with a cost of \$240,938	217,165
Note payable to an bank in monthly installments of \$191 including interest at 6.95% is due and payable by February 10, 2009; secured by equipment with a cost of \$6,120	<u>3,917</u>
Total long-term debt	553,149
Less amounts due within one year	<u>(15,992)</u>
Long-term debt, net of current portion	<u>\$ 537,157</u>

Future maturities of long-term debt are as follows:

<u>Year ended June 30.</u>	
2008	\$ 15,992
2009	16,514
2010	15,518
2011	16,396
2012	17,331
Thereafter	<u>471,398</u>
	<u>\$ 553,149</u>

Interest expense for the year ended June 30, 2007 was \$21,686.

#### 4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2007:

Sub for Santa	\$ 9,304
Bamberger Foundation	9,750
Utah Families	<u>10,000</u>
	<u>\$ 29,054</u>

#### 5. UTAH DIVISION OF CHILD AND FAMILY SERVICES

The individual contracts and grants received from the Utah Division of Child and Family Services for the year ended June 30, 2007 were as follows:

Crisis/Respite Nursery	\$ 113,343
Family Preservation	74,788
Outreach	25,345
Children's Trust Fund	<u>21,295</u>
	<u>\$ 234,771</u>

#### 6. PROGRAM SERVICES

Program services expenses are broken down into the following programs for the year ended June 30, 2007:

Community Action	\$ 429,298
Housing	306,747
Nursery	318,767
Outreach	212,586
Counseling	170,082
More Project	110,085
Uniting Neighbors	<u>1,486</u>
	<u>\$ 1,549,051</u>

**7. RETIREMENT PLAN**

The Organization has established a tax-deferred annuity program pursuant to Section 403(b) of the Internal Revenue Code for its employees who work over 1,000 hours per year. Employees who elect to defer a portion of their own salary are eligible to receive a matching contribution of up to 4% of the employee's wages. The Organization's contribution to the 403(b) plan for the year ended June 30, 2007 was \$13,400.

**8. PRIOR YEAR INFORMATION**

The financial statements for the year ended June 30, 2006 are presented for comparative purposes only. The notes presented herein contain information relating to June 30, 2007 only. Please refer to the June 30, 2006 audited financial statements for information relating to the notes for the prior year.

**SUPPLEMENTARY INFORMATION**  
**AND**  
**COMPLIANCE REPORTS**

**Davis Family Support Center, Inc.**  
**d.b.a. Family Connection Center**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2007**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Agency or Pass-through Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through the Utah Department of Community and Economic Development			
Community Service Block Grant		93.569	\$ 184,667
Passed through the United Way of Davis County			
Social Services Block Grant - Title XX		93.667	<u>15,786</u>
Total U.S. Department of Health and Human Services			<u>200,453</u>
<u>U.S. Department of Housing and Urban Development</u>			
Community Planning and Development			
Passed through the Utah Department of Community and Economic Development - Community Development Block Grant			
Homeless Prevention Grant		14.235	199,167
Homeless Prevention Grant		14.231	38,095
Homeless Prevention Grant		14.231	10,500
Passed through Clearfield City - Community Development Block Grant			
Homeless Prevention Grant		14.228	15,000
Passed through Layton City - Community Development Block Grant			
Homeless Prevention Grant		14.228	<u>45,000</u>
Total U.S. Department of Housing and Urban Development			<u>307,762</u>
<u>U.S. Department of Justice</u>			
Passed through the State of Utah Office of Crime Victim Reparations			
VOCA		16.575	<u>27,899</u>
Total U.S. Department of Justice			<u>27,899</u>
<u>Federal Emergency Management Agency</u>			
Passed through the Emergency Food and Shelter National Board Program			
FEMA		83.523	<u>69,656</u>
Total Federal Emergency Management Agency			<u>69,656</u>
Total expenditures of federal awards			<u>\$ 605,770</u>

**Note 1 - Basis of Accounting**

The supplementary schedule of expenditures of federal awards is prepared on the accrual basis of accounting. Grant expenditures are recognized as funds are spent or accrued. The information in this schedule is prepared in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**Note 2 - Pass-Through Awards**

The Organization receives certain federal financial assistance from pass-through awards. The total federal financial assistance from pass-through awards is noted above.

**Davis Family Support Center, Inc.**  
**d.b.a. Family Connection Center**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2007**

**Summary of Auditors' Results**

1. We issued an unqualified opinion in our report on the financial statements of Davis Family Support Center, Inc. d.b.a. Family Connection Center for the year ended June 30, 2007.
2. The results of our audit tests disclosed no instances of noncompliance which were considered material to the financial statements.
3. We issued an unqualified opinion in our report on compliance for major programs for the year ended June 30, 2007.
4. The results of our audit disclosed no audit findings which we are required to report.
5. The major program of Davis Family Support Center, Inc. d.b.a. Family Connection Center for the year ended June 30, 2007 is as follows:
  - a. Community Planning & Development      CFDA Number      14.235
6. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
7. Davis Family Support Center, Inc. d.b.a. Family Connection Center did qualify as a low-risk auditee.

**Findings Related To The Financial Statements**

None

**Findings and Questioned Costs for Federal Awards**

None

**Findings of Prior Audit - Year Ended June 30, 2006**

There were no findings reported for the year ended June 30, 2006. Therefore, there are no outstanding resolution matters relating to major federal programs.



**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***

The Board of Directors  
Davis Family Support Center, Inc.  
d.b.a. Family Connection Center  
Clearfield, UT

We have audited the financial statements of Davis Family Support Center, Inc. d.b.a. Family Connection Center (a nonprofit organization) as of and for the year ended June 30, 2007, and have issued our report thereon dated December 19, 2007. 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 Davis Family Support Center, Inc. d.b.a. Family Connection Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Davis Family Support Center, Inc. d.b.a. Family Connection Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance 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 the audit committee, management, 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.

*Shaw Mumford & Co., P.C.*

Bountiful, Utah  
December 19, 2007



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

The Board of Directors  
Davis Family Support Center, Inc.  
d.b.a. Family Connection Center  
Clearfield, UT

Compliance

We have audited the compliance of Davis Family Support Center, Inc. d.b.a. Family Connection Center (a nonprofit 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, 2007. Davis Family Support Center, Inc. d.b.a. Family Connection Center's major federal program is identified in the summary of auditors' 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 Davis Family Support Center, Inc. d.b.a. Family Connection Center's management. Our responsibility is to express an opinion of Davis Family Support Center, Inc. d.b.a. Family Connection Center'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 Davis Family Support Center, Inc. d.b.a. Family Connection Center'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 of Davis Family Support Center, Inc. d.b.a. Family Connection Center's compliance with those requirements.

In our opinion, Davis Family Support Center, Inc. d.b.a. Family Connection Center 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, 2007.

Internal Control Over Compliance

The management of Davis Family Support Center, Inc. d.b.a. Family Connection Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Davis Family Support Center, Inc. d.b.a. Family Connection Center's internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, 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.

*Shaw Mumford & Co, P.C.*

Bountiful, Utah  
December 19, 2007



**REPORT ON COMPLIANCE WITH STATE OF UTAH  
LEGAL COMPLIANCE AUDIT GUIDE**

The Board of Directors  
Davis Family Support Center, Inc.  
d.b.a. Family Connection Center  
Clearfield, UT

We have audited the financial statements of Davis Family Support Center, Inc. d.b.a. Family Connection Center (a nonprofit organization) for the year ended June 30, 2007 and have issued our report thereon dated December 19, 2007. As part of our audit, we have audited Davis Family Support Center, Inc. d.b.a. Family Connection Center's compliance with the requirements governing types of services allowed or unallowed; eligibility; and matching that are applicable to its major State award program as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2007. Davis Family Support Center, Inc. d.b.a. Family Connection Center received the following major State assistance program from the State of Utah:

Crisis Nursery/Respite Care (Utah Department of Human Services)

Davis Family Support Center, Inc. d.b.a. Family Connection Center also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of Davis Family Support Center, Inc. d.b.a. Family Connection Center's financial statements.)

Infant & Toddler (Utah Department of Workforce Services)  
Outreach (Utah Department of Workforce Services)  
Emergency Food Network (Utah Department of Community & Economic Development)  
Critical Needs Housing (Utah Department of Community & Economic Development)  
Family Preservation (Utah Department of Human Services)  
Outreach (Utah Department of Human Services)  
Children's Trust Account Funds (Utah Department of Human Services)  
State Shelter Care (Utah Department of Human Services)

The management of Davis Family Support Center, Inc. d.b.a. Family Connection Center is responsible for its compliance with the compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Davis Family Support Center, Inc. d.b.a. Family Connection Center's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Davis Family Support Center, Inc. d.b.a. Family Connection Center complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; and matching that are applicable to its major State assistance program for the year ended June 30, 2007.

*Shaw Mumford & Co., P.C.*

Bountiful, Utah  
December 19, 2007