

**National Runaway Switchboard  
(d/b/a 1-800-RUNAWAY)**

**Financial Statements and  
Independent Auditors' Report**

**April 30, 2011 and 2010**

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# MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
National Runaway Switchboard  
(d/b/a 1-800-RUNAWAY)  
Chicago, Illinois

We have audited the accompanying statements of financial position of National Runaway Switchboard (d/b/a 1-800-RUNAWAY) ("Organization") as of April 30, 2011 and 2010, and the related statements of activities, cash flows, and functional expenses for the years 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 audits.

We conducted our audits 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 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 National Runaway Switchboard (d/b/a 1-800-RUNAWAY) as of April 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

(Continued)

Board of Directors  
National Runaway Switchboard  
(d/b/a 1-800-RUNAWAY)  
Chicago, Illinois

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In accordance with *Government Auditing Standards*, we have also issued our report, dated July 7, 2011, on our consideration of National Runaway Switchboard's (d/b/a 1-800-RUNAWAY) 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 audits.

MILLER, COOPER & CO., LTD.

*Miller, Cooper & Co., Ltd.*

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Certified Public Accountants

Deerfield, Illinois  
July 7, 2011

## **FINANCIAL STATEMENTS**

**National Runaway Switchboard**  
**(d/b/a 1-800-RUNAWAY)**  
STATEMENTS OF FINANCIAL POSITION  
April 30, 2011 and 2010

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<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 273,229	\$ 199,807
Investments	164,303	168,052
Equipment, net	7,128	14,592
Other assets	25,879	15,583
	<u>\$ 470,539</u>	<u>\$ 398,034</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
LIABILITIES		
Accounts payable and accrued expenses	\$ 213,516	\$ 146,996
Unearned revenue	19,250	21,000
	<u>232,766</u>	<u>167,996</u>
NET ASSETS		
Unrestricted	229,440	230,038
Unrestricted board designated	8,333	-
	<u>237,773</u>	<u>230,038</u>
	<u>\$ 470,539</u>	<u>\$ 398,034</u>

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The accompanying notes are an integral part of these statements.

**National Runaway Switchboard**  
**(d/b/a 1-800-RUNAWAY)**  
STATEMENTS OF ACTIVITIES  
Years ended April 30, 2011 and 2010

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	2011	2010
Revenues		
Program service revenue - federal government agency grant	\$ 2,000,000	\$ 1,647,000
Contributed services	73,660	60,538
Contributions and special events	240,189	274,891
Program service revenue - state agency grant	6,000	6,000
Work-study programs	9,608	6,521
Investment income	3,815	3,261
Net gain on investments	16,454	27,379
Miscellaneous	7,296	19,166
Total revenues	2,357,022	2,044,756
Expenses		
Program services	1,977,000	1,613,892
Management and general	265,769	259,945
Fundraising	106,518	123,076
Total expenses	2,349,287	1,996,913
INCREASE IN NET ASSETS	7,735	47,843
Net assets, beginning of year	230,038	182,195
Net assets, end of year	\$ 237,773	\$ 230,038

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The accompanying notes are an integral part of these statements.

**National Runaway Switchboard**  
**(d/b/a 1-800-RUNAWAY)**  
**STATEMENTS OF CASH FLOWS**  
Years ended April 30, 2011 and 2010

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	2011	2010
Cash flows from operating activities		
Increase in net assets	\$ 7,735	\$ 47,843
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	7,464	7,464
Net gain on investments	(16,454)	(27,379)
(Increase) decrease in assets		
Other assets	(10,296)	7,938
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	66,520	36,690
Unearned revenue	(1,750)	5,750
Net cash provided by operating activities	53,219	78,306
Cash flows from investing activities		
Proceeds from sales of investments	22,000	-
Purchases of investments	(1,797)	(23,222)
Net cash provided by (used in) investing activities	20,203	(23,222)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	73,422	55,084
Cash and cash equivalents, beginning of year	199,807	144,723
Cash and cash equivalents, end of year	\$ 273,229	\$ 199,807

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The accompanying notes are an integral part of these statements.

**National Runaway Switchboard**  
**(d/b/a 1-800-RUNAWAY)**  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended April 30, 2011

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	Program Services	Management and General	Fundraising	Total
Salaries	\$ 738,386	\$ 160,836	\$ 66,560	\$ 965,782
Employee benefits and payroll taxes	192,021	46,125	9,346	247,492
	930,407	206,961	75,907	1,213,275
Conference and seminar expenses	1,235	476	34	1,745
Contributed services-in-kind	65,490	8,170	-	73,660
DSL and web host fees	3,875	560	233	4,668
Dues and subscriptions	2,152	372	835	3,359
Interest expense and bank charges	-	2,181	3,999	6,180
Miscellaneous	83,453	4,535	15,251	103,239
Office expense	49,477	6,967	2,484	58,928
Office rental and maintenance	74,214	10,645	4,436	89,295
Professional fees and services	429,768	21,361	975	452,104
Promotional materials	208,773	188	401	209,362
Staff training and recognition	11,015	629	273	11,917
Stipends	12,621	-	-	12,621
Telephone and communications	58,235	2,724	1,306	62,265
Travel	29,621	-	384	30,005
Volunteer services	16,664	-	-	16,664
	\$ 1,977,000	\$ 265,769	\$ 106,518	\$ 2,349,287

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The accompanying notes are an integral part of this statement.

**National Runaway Switchboard**  
**(d/b/a 1-800-RUNAWAY)**  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended April 30, 2010

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	Program Services	Management and General	Fundraising	Total
Salaries	\$ 747,419	\$ 160,029	\$ 67,500	\$ 974,948
Employee benefits and payroll taxes	195,224	43,570	9,305	248,099
	942,643	203,599	76,805	1,223,047
Conference and seminar expenses	1,425	295	190	1,910
Contractual (National Safe Place)	75,000	-	-	75,000
Contributed services-in-kind	52,318	8,220	-	60,538
DSL and web host fees	3,775	546	227	4,548
Dues and subscriptions	2,721	548	667	3,936
Interest expense and bank charges	-	2,227	3,687	5,914
Miscellaneous	98,209	5,250	30,021	133,480
Office expense	39,812	4,950	2,838	47,600
Office rental and maintenance	76,357	11,018	4,440	91,815
Professional fees and services	137,978	19,453	1,804	159,235
Promotional materials	73,691	55	329	74,075
Staff training and recognition	8,183	533	397	9,113
Stipends	13,319	-	-	13,319
Telephone and communications	56,277	2,466	1,154	59,897
Travel	18,988	785	517	20,290
Volunteer services	13,196	-	-	13,196
	\$ 1,613,892	\$ 259,945	\$ 123,076	\$ 1,996,913

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The accompanying notes are an integral part of this statement.

**National Runaway Switchboard**  
**(d/b/a 1-800-RUNAWAY)**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2011 and 2010

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NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

The National Runaway Switchboard (d/b/a 1-800-RUNAWAY) (the "Organization") is a nonprofit agency supported by volunteers providing crisis intervention and support for runaway and at-risk youth and their families. The mission of the Organization is to "keep America's runaway and at-risk youth safe and off the streets". The Organization manages a "24/7" hotline for runaway, at-risk, homeless, and thrown away youth and their families, offering non-judgmental, non-directive assistance to callers. Services include: confidential crisis intervention; information and referrals to over 16,000 direct service providers; a message relay service; advocacy for youth; conference calls; internet services; and runaway education and prevention. In partnership with Greyhound Lines, Inc., the Organization reunites families by providing runaway youth with free transportation home. The Organization has been the federally designated communication system for runaway and homeless youth since 1974.

2. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

3. Investments

Investments in marketable and debt securities are reported at their fair value in the statements of financial position.

4. Equipment

Equipment is stated at cost. Depreciation is computed principally by the straight-line method over a five-year estimated useful life.

5. Unearned Revenues

Unearned revenues are contributions from special events that have not been earned in the year received. These amounts are included in revenue in the subsequent year. Revenues from these special events are recognized upon completion of the event.

**National Runaway Switchboard**  
**(d/b/a 1-800-RUNAWAY)**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2011 and 2010

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NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Grant Revenue Recognition

Federal grant revenue is recognized as the costs for the related services are incurred.

7. Contributions

Gifts of cash and other assets are presented as restricted support if the gifts are received with donor stipulations that limit the use of donated assets. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted. When a donor restriction expires, that is, when a stipulated time restriction ends or a 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.

8. Income Taxes

The Organization is a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code.

9. Expense Allocations

Expenses that can be specifically identified with a particular program are charged directly to that program. Other expenses that benefit more than one program are allocated on the basis of management's estimate of the proportionate share of services provided to each program.

10. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

**National Runaway Switchboard**  
**(d/b/a 1-800-RUNAWAY)**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2011 and 2010

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Fair Value of Financial Instruments

The nature and/or amounts of financial instruments, including cash and cash equivalents, accounts payable and accrued expenses, and unearned revenue approximate fair value due to the short maturity of these instruments.

It is the Organization's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. The instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (such as evidence of impairment) which, if material, are disclosed in the accompanying footnotes.

NOTE B - INVESTMENTS

Investments consist of the following at April 30, 2011:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain</u>
Mutual funds	\$ 115,226	\$ 137,484	\$ 22,258
Corporate bonds	<u>24,772</u>	<u>26,819</u>	<u>2,047</u>
	<u>\$ 139,998</u>	<u>\$ 164,303</u>	<u>\$ 24,305</u>

Investments consist of the following at April 30, 2010:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain</u>
Mutual funds	\$ 113,393	\$ 118,210	\$ 4,817
Corporate bonds	<u>46,697</u>	<u>49,842</u>	<u>3,145</u>
	<u>\$ 160,090</u>	<u>\$ 168,052</u>	<u>\$ 7,962</u>

**National Runaway Switchboard**  
**(d/b/a 1-800-RUNAWAY)**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2011 and 2010

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NOTE B - INVESTMENTS (Continued)

One of the mutual funds represents 52% and 37% of total investments at April 30, 2011 and 2010, respectively.

NOTE C - FAIR VALUE MEASUREMENTS

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

The fair value hierarchy consists of the following three levels:

Level 1 Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include the following:

- \* Quoted prices for similar assets or liabilities in active markets;
- \* Quoted prices for the identical or similar assets or liabilities in active markets;
- \* Inputs other than quoted prices that are observable for the asset or liability;
- \* Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**National Runaway Switchboard**  
**(d/b/a 1-800-RUNAWAY)**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2011 and 2010

NOTE C - FAIR VALUE MEASUREMENTS (Continued)

The following is a description of the valuation methodology used for the Organization's financial instruments measured at fair value.

Mutual funds are valued at the closing price on the active market on which the individual investments are traded. The corporate bond is stated at amortized cost which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set for the Organization's investments measured at fair value on a recurring basis and the basis of measurement at April 30, 2011 and 2010:

	Investments at Fair Value as of April 30, 2011		
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds			
Growth Fund	\$ 32,253	\$ -	\$ -
Venture Fund	33,215	-	-
Index Fund	72,016	-	-
Corporate Bond	-	26,819	-
	\$ 137,484	\$ 26,819	\$ -

**National Runaway Switchboard**  
**(d/b/a 1-800-RUNAWAY)**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2011 and 2010

NOTE C - FAIR VALUE MEASUREMENTS (Continued)

Investments at Fair Value as of April 30, 2010			
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds			
Growth Fund	\$ 27,777	\$ -	\$ -
Venture Fund	28,828	-	-
Index Fund	61,605	-	-
Corporate Bond	-	49,842	-
	\$ 118,210	\$ 49,842	\$ -

NOTE D - EQUIPMENT

Equipment consists of the following at April 30:

	2011	2010
Furniture, fixtures, and equipment	\$ 185,667	\$ 185,667
Accumulated depreciation	(178,539)	(171,075)
	\$ 7,128	\$ 14,592

NOTE E - LINE OF CREDIT

The Organization has a \$75,000 revolving credit agreement with a bank that is secured by the assets of the Organization. The note is due on demand and bears interest at the prime rate (3.25% as of April 30, 2011) plus 3.25%. No borrowings were outstanding under this note during 2011 and 2010.

**National Runaway Switchboard**  
**(d/b/a 1-800-RUNAWAY)**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2011 and 2010

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NOTE F - UNRESTRICTED BOARD DESIGNATED

The Governing Board has designated \$25,000 for the creation of a three year strategic plan for the Organization. At April 30, 2011, \$8,333 remains as board designated.

NOTE G - CONTRIBUTED SERVICES

Substantial numbers of individuals and organizations have contributed services to the Organization. The value of a portion of these contributed services has not been recorded because the contributed services do not meet the requirements for inclusion in the financial statements. However, the contributed services related to bus tickets from Greyhound Lines, Inc. has been recorded in the financial statements and was \$73,660 and \$60,538 in 2011 and 2010, respectively.

The value of all donated materials and contributed services was \$335,318 and \$283,862 in 2011 and 2010, respectively.

NOTE H - LEASE COMMITMENT

The Organization leases office space under a noncancelable operating lease agreement which expires on June 30, 2012. Rent expense was \$84,845 and \$84,301 in 2011 and 2010, respectively.

Minimum annual rentals subsequent to April 30, 2011 are:

<u>Fiscal year</u>	
2012	86,970
2013	<u>14,566</u>
	<u>\$ 101,536</u>

NOTE I - CONCENTRATIONS OF RISK

1. Uninsured Cash

The Organization maintains its cash balances at various financial institutions located in Illinois. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Organization may, from time to time, have balances in excess of FDIC insured deposit limits. At April 30, 2011, the Organization had no uninsured cash balances.

**National Runaway Switchboard**  
**(d/b/a 1-800-RUNAWAY)**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2011 and 2010

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NOTE I - CONCENTRATIONS OF RISK (Continued)

2. Funding Source

The Organization receives over 80% of its revenues from federal funding. The Organization's federal grant agreement commenced on May 1, 2007 and expires in April 2012. Management believes the grant will be renewed for an additional five years, however; the loss of this grant could have a significant impact on the Organization's operations.

NOTE J - RECLASSIFICATIONS

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 presentation.

NOTE K - SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 7, 2011, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the statement of financial position date that require disclosure in the financial statements.