

**CHILDREN'S EMERGENCY MEDICAL FUND, INC.**

*FINANCIAL STATEMENTS AND  
AUDITOR'S REPORT*

September 30, 2008 and 2007



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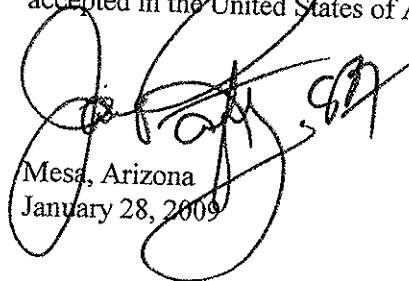
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Children's Emergency Medical Fund, Inc.  
Peoria, Arizona

I have audited the accompanying statements of financial position of Children's Emergency Medical Fund, Inc., (an Arizona nonprofit organization) as of September 30, 2008 and 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Emergency Medical Fund, Inc. as of September 30, 2008 and 2007 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.



Mesa, Arizona  
January 28, 2009

**CHILDREN'S EMERGENCY MEDICAL FUND, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
September 30,

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash	\$ 51,733	\$ 33,070
Pledges receivable, net	85,000	68,229
Total Current Assets	<u>136,733</u>	<u>101,299</u>
	<u>\$ 136,733</u>	<u>\$ 101,299</u>
<b>NET ASSETS</b>		
<i>Net Assets - Unrestricted</i>	<u>\$ 136,733</u>	<u>\$ 101,299</u>
	<u>\$ 136,733</u>	<u>\$ 101,299</u>

*See accompanying notes to the financial statements*

**CHILDREN'S EMERGENCY MEDICAL FUND, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended September 30,

	2008	2007
<i>Unrestricted Net Assets</i>		
Support		
Gifts-in-kind	\$ 409,335	\$ 490,504
Contributions	180,026	154,421
Total Support	589,361	644,925
<i>Expenses</i>		
Program services	551,144	633,518
Management services	2,073	772
Fundraising	710	3,722
Total Expenses	553,927	638,012
Increase in Net Assets	35,434	6,913
<i>Net Assets, beginning of year</i>	101,299	94,386
<i>Net Assets, end of year</i>	\$ 136,733	\$ 101,299

*See accompanying notes to the financial statements*

**CHILDREN'S EMERGENCY MEDICAL FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended September 30, 2008

	Program Services	Supporting Services		Totals
		Management	Fund Raising	
Gifts-in-kind	\$ 409,335	\$ -	\$ -	\$ 409,335
Program support	92,000	-	-	92,000
Program development	38,675	-	-	38,675
Travel, conferences, and meetings	5,404	1,013	338	6,755
Accounting fees	3,686	691	230	4,607
Postage and shipping	1,778	333	111	2,222
Office expense	226	28	29	283
Telephone	40	8	2	50
	<u>\$ 551,144</u>	<u>\$ 2,073</u>	<u>\$ 710</u>	<u>\$ 553,927</u>

*See accompanying notes to the financial statements*

**CHILDREN'S EMERGENCY MEDICAL FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended September 30, 2007

	Program Services	Supporting Services		Totals
		Management	Fund Raising	
Gifts-in-kind	\$ 490,504	\$ -	\$ -	\$ 490,504
Program support	138,900	-	-	138,900
Accounting fees	3,268	613	204	4,085
Advertising	-	-	3,465	3,465
Travel, conferences, and meetings	783	147	49	979
Telephone	55	10	3	69
Miscellaneous expense	8	2	-	10
	<u>\$ 633,518</u>	<u>\$ 772</u>	<u>\$ 3,722</u>	<u>\$ 638,012</u>

*See accompanying notes to the financial statements*

**CHILDREN'S EMERGENCY MEDICAL FUND, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended September 30,

	<b>2008</b>	<b>2007</b>
<i><b>Cash Flows from Operating Activities</b></i>		
Cash received from donors and grants	\$ 163,255	\$ 159,912
Cash paid to suppliers	(144,592)	(147,655)
Net Cash Provided By Operating Activities	18,663	12,257
<i><b>Net Increase in Cash and Cash Equivalents</b></i>	18,663	12,257
<i><b>Beginning Cash and Cash Equivalents</b></i>	33,070	20,813
<i><b>Ending Cash and Cash Equivalents</b></i>	\$ 51,733	\$ 33,070
<i><b>Reconciliation of Changes in Net Assets to Net Cash Provided by Operating Activities:</b></i>		
Increase in net assets	\$ 35,434	\$ 6,913
Adjustments to reconcile change in net assets to cash provided by operating activities:		
(Increase) Decrease in operating assets		
Pledges receivable	(16,771)	5,491
(Decrease) in operating liabilities		
Accounts payable	-	(147)
<i><b>Net Cash Provided By Operating Activities</b></i>	\$ 18,663	\$ 12,257

*See accompanying notes to the financial statements*

**CHILDREN'S EMERGENCY MEDICAL FUND, INC.**  
*NOTES TO FINANCIAL STATEMENTS*  
 September 30, 2008

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Organization reports in accordance with the American Institute of Certified Public Accountants Industry Audit Guide, Audits of Voluntary Health and Welfare Organizations. The Organization reports adhere to the following accounting policies:

Corporate Organization

Children's Emergency Medical Fund, Inc. (CEMF) is a nonprofit organization incorporated September 11, 2000 in the State of Arizona. The Organization is a human health and welfare organization whose major sectors of involvement are providing support to community medical clinics; nutritional training for women; children's vaccination programs; emergency food and medical assistance; children's cancer research and treatment.

Fair Value of Financial Instruments

The following methods and assumptions were used by Children's Emergency Medical Fund in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Pledges Receivable- Receivables are carried at net realizable value, which equals the principal outstanding less an allowance for uncollectible balances and the costs of collecting accounts.

The estimated fair values of Children's Emergency Medical Fund financial instruments, none of which are held for trading purposes, are as follows:

	<u>Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$ 51,733	\$ 51,733
Pledges receivable	\$ 85,000	\$ 85,000

The Organization estimates that the fair value of all financial instruments at September 30, 2008, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying Statements of Financial Position.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization 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. The Organization had no temporary or permanently restricted net assets to date.

**CHILDREN'S EMERGENCY MEDICAL FUND, INC.**

*NOTES TO FINANCIAL STATEMENTS*

September 30, 2008

Revenue and Support Recognition

Support restricted by the donor, grantor, or other outside party for particular operating purposes are deemed to be earned and reported as revenues of the current restricted fund when the Organization has incurred expenditures in compliance with the specific restrictions. Such amounts received but not yet expended are reported as temporarily restricted deferred revenue.

The Organization recognizes pledges as revenue under Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made." Under SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 a public charity, nonprofit organization as defined in the Internal Revenue Code Section 501(c)(3) and is therefore exempt from federal and state income taxes.

Gifts in Kind

Donated materials are recorded at their estimated fair market value when received. Donated materials for September 30, 2008 and 2007 were \$409,335 and \$490,504, respectively.

Use of Estimates

The preparation of 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 period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Functional Expenses

The cost of providing the programs and other activities has been summarized on a functional basis in the statements of activity. Accordingly, certain costs have been allocated among the program and support services benefited as estimated by Children's Emergency Medical Fund, Inc.'s management.

**CHILDREN'S EMERGENCY MEDICAL FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2008

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Advertising Costs

The Organization expenses advertising costs as they are incurred. Advertising costs for the year ended September 30, 2007 was \$3,465. There was no advertising expense for the year ended September 30, 2008.

**NOTE B - PLEDGES RECEIVABLE**

Pledges receivable in the current period consisted of the following for the year ended September 30,

	2008	2007
Federal Campaign Pledge	\$ 113,333	\$ 90,972
Less 25% shrinkage	(28,333)	(22,743)
	\$ 85,000	\$ 68,229

The allowance for shrinkage is an estimate based on historical performance, federation estimates and projection of trends.

**NOTE C - PROPERTY AND EQUIPMENT**

Property and equipment at September 30, 2008 and 2007, consisted of the following:

	2008	2007
Equipment, Furniture & Fixtures	\$ -	\$ 1,508
Less: Accumulated depreciation	-	(1,508)
	\$ -	\$ -

There was no depreciation expense for the years ended September 30, 2008 and 2007.

**NOTE D - CONCENTRATIONS**

The Organization received 71% and 65% of their cash support in 2008 and 2007 from federated campaigns, respectively. The Organization also received 74% and 100% of their gift-in-kind contributions in 2008 and 2007 from a single non-profit entity. If this support does not continue in the future, there might be substantial doubt about the Organization's ability to continue as a going concern. Management believes this support will continue in the future, and if not the support can be replaced from other sources. Total cash contributions received from the campaign in 2008 and 2007 was \$127,526 and \$100,151, respectively. Total gift-in-kind contributions received from this entity in 2008 and 2007 was \$303,360 and \$350,779, respectively.

**CHILDREN'S EMERGENCY MEDICAL FUND, INC.**  
*NOTES TO FINANCIAL STATEMENTS*  
September 30, 2008

**NOTE E - SIGNIFICANT ACCOUNTING ESTIMATES**

The organization participates in the Combined Federal Campaign (CFC) in which federal employees are eligible to participate by selecting one or more charitable organizations to receive donations as a payroll deduction from the employee's compensation. The amount of pledges to eventually be collected is an estimate. The Organization estimates shrinkage of approximately 25% from what was pledged to what is eventually collected. Based on the history of the Organization and CFC, management believes this reduction reasonably states the true net value of what it will receive. While it is at least reasonably possible that the estimate will change materially in the near term, no estimate can be made of the range of additional adjustments that is possible.