

**Greater K.C. LINC, Inc.**

Accountants' Report and Financial Statements

June 30, 2001 and 2000



**GREATER K.C. LINC, INC.**

**JUNE 30, 2001 AND 2000**

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## **Independent Accountants' Report**

LINC Commissioners  
Greater K.C. LINC, Inc.  
Kansas City, Missouri

We have audited the accompanying statements of financial position of GREATER K.C. LINC, INC. (LINC) as of June 30, 2001 and 2000, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of LINC'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 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 GREATER K.C. LINC, INC. as of June 30, 2001 and 2000, 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.

September 5, 2001

**GREATER K.C. LINC, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2001 AND 2000**

**ASSETS**

	<u>2001</u>	<u>2000</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,275,289	\$ 5,021,595
Accounts and grants receivable	816,008	830,397
Prepaid expenses	<u>55,119</u>	<u>4,913</u>
Total Current Assets	<u>5,146,416</u>	<u>5,856,905</u>
 <b>ASSETS LIMITED AS TO USE</b>		
Externally designated		
Accounts and grants receivable	374,545	2,290,814
Cash and cash equivalents	<u>4,046,460</u>	<u>2,908,245</u>
	4,421,005	5,199,059
Internally designated		
Cash and cash equivalents	<u>2,000,000</u>	<u>                    </u>
	<u>6,421,005</u>	<u>5,199,059</u>
 <b>PROPERTY AND EQUIPMENT</b>	1,318,915	1,051,644
Less accumulated depreciation	<u>679,825</u>	<u>425,063</u>
	<u>639,090</u>	<u>626,581</u>
 Total Assets	<u>\$12,206,511</u>	<u>\$11,682,545</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 2,308,224	\$ 1,307,417
Payable to participating agencies		715,551
Accrued expenses	<u>597,483</u>	<u>366,378</u>
Total Current Liabilities	<u>2,905,707</u>	<u>2,389,346</u>
 <b>NET ASSETS</b>		
Unrestricted	2,879,799	4,094,140
Unrestricted – Commission designated	2,000,000	
Temporarily restricted	<u>4,421,005</u>	<u>5,199,059</u>
Total Net Assets	<u>9,300,804</u>	<u>9,293,199</u>
 Total Liabilities and Net Assets	<u>\$12,206,511</u>	<u>\$11,682,545</u>

See Notes to Financial Statements

**GREATER K.C. LINC, INC.**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED JUNE 30, 2001 AND 2000**

	2001			2000		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>						
Federal and state grants	\$10,729,495	\$ 3,623,557	\$14,353,052	\$14,379,167	\$ 1,522,330	\$15,901,497
Private contributions and grants	1,198,951	70,302	1,269,253	732,100	166,634	898,734
State-funded expenditures	370,479		370,479	376,801		376,801
Investment income	331,956		331,956	436,434		436,434
Other support	<u>24,728</u>		<u>24,728</u>	<u>36,031</u>		<u>36,031</u>
	12,655,609	3,693,859	16,349,468	15,960,533	1,688,964	17,649,497
Net assets released from restrictions	<u>4,471,913</u>	<u>(4,471,913)</u>	<u>0</u>	<u>2,494,362</u>	<u>(2,494,362)</u>	<u>0</u>
Total revenues, gains and other support	<u>17,127,522</u>	<u>(778,054)</u>	<u>16,349,468</u>	<u>18,454,895</u>	<u>(805,398)</u>	<u>17,649,497</u>
<b>EXPENSES</b>						
Program services:						
Comprehensive Neighborhood Services	3,477,312		3,477,312	3,693,831		3,693,831
Title IV-E	304,650		304,650	1,679,445		1,679,445
Extended day	6,616,546		6,616,546	4,285,704		4,285,704
Educare	381,077		381,077	359,377		359,377
Welfare to Work services	672,101		672,101	693,440		693,440
Early Childhood HB1519	730,906		730,906	271,292		271,292
Data and evaluation	600,688		600,688	475,289		475,289
Other state funded programs	2,019,331		2,019,331	2,033,436		2,033,436
Donor funded programs	132,617		132,617	285,239		285,239
Other	<u>66,788</u>		<u>66,788</u>	<u>32,645</u>		<u>32,645</u>
Total program services	15,002,016		15,002,016	13,809,698		13,809,698
General and administrative services	<u>1,339,847</u>		<u>1,339,847</u>	<u>1,943,573</u>		<u>1,943,573</u>
Total expenses	<u>16,341,863</u>		<u>16,341,863</u>	<u>15,753,271</u>		<u>15,753,271</u>
<b>CHANGE IN NET ASSETS</b>	785,659	(778,054)	7,605	2,701,624	(805,398)	1,896,226
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>4,094,140</u>	<u>5,199,059</u>	<u>9,293,199</u>	<u>1,392,516</u>	<u>6,004,457</u>	<u>7,396,973</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 4,879,799</u>	<u>\$ 4,421,005</u>	<u>\$ 9,300,804</u>	<u>\$ 4,094,140</u>	<u>\$ 5,199,059</u>	<u>\$ 9,293,199</u>

See Notes to Financial Statements

**GREATER K.C. LINC, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2001**

	Comprehensive Neighborhood Services	Title IV-E	Extended Day	Educare	Welfare To Work Services	Early Childhood HB1519	Data And Evaluation	Other State Funded Programs	Donor Funded Programs	Other	Total Program Expenses	General and Administrative	Total Expenses
<b>EXPENSES</b>													
Program expense	\$ 2,271,927		\$ 3,902,942	\$ 230,050	\$ 305,242	\$ 127,906	\$	\$ 739,581	\$ 59,013	\$ 48,798	\$ 7,685,459		\$ 7,685,459
Salaries	727,284	\$ 32,926	1,105,946	67,806			330,416	578,338			2,842,716	\$ 453,534	3,296,250
Consultants	2,235	70,599	284,401	11,406	5,060	214,544	31,851	222,722	44,543	11,808	899,169	62,899	962,068
Employee benefits	194,536	13,302	471,579	22,606	76,885		115,613	149,797	26,156		1,070,474	6,506	1,076,980
Incentives	35,286			8,899	203,600	120,000		17,001		495	385,281	697	385,978
Administrative fees			41,128		35,953	45,000					122,081		122,081
Supplies	54,622		311,525	14,468			758	142,678	(3,958)	2,782	522,875	301,998	824,873
Continuing education and conferences	46,843			6,734		223,456	249	5,909		2,167	285,358	4,193	289,551
Depreciation												254,762	254,762
Rent		183,507						8,950			192,457	419	192,876
Printing and copying	5,900		25,576	3,304			51,949	6,128			92,857	2,947	95,804
Equipment	16,321	2,058	56,439	2,350	36,133			23,006		510	136,817	799	137,616
Postage	2,804			2,958			25,578	7,267			38,607	13,874	52,481
Telephone	17,029		2,777	2,377			2,563	7,076			31,822	44,029	75,851
Equipment rental and maintenance	5,659		8,906					18,616			33,181	54,737	87,918
Meetings and refreshments	22,274		27,806				2,290	1,551		228	54,149	11,639	65,788
Payroll expenses	30,698	1,849	58,581	3,270			18,580	46,025	4,637		163,640	998	164,638
Travel	7,693	137			9,228		476	16,429			33,963	11,751	45,714
Mileage	15,914	272	8,202	4,849			431	2,970			32,638	4,366	37,004
Bus and taxi service	9,552		15,527								25,079		25,079
Accounting fees								9,557			9,557	15,212	24,769
Subscriptions and publications	1,175						3,378	865	2,226		7,644	2,514	10,158
Advertising		0	1,594				15,860	13,975			31,429	1,180	32,609
Parking	25										25	72	97
Facilities usage	4,194										4,194		4,194
Child care	5,045		232,982								238,027		238,027
Insurance	296		41,753								42,049	6,062	48,111
Bad debt											0	22,043	22,043
Other	0		18,882				696	890			20,468	62,616	83,084
<b>Total Expenses</b>	<b>\$ 3,477,312</b>	<b>\$ 304,650</b>	<b>\$ 6,616,546</b>	<b>\$ 381,077</b>	<b>\$ 672,101</b>	<b>\$ 730,906</b>	<b>\$ 600,688</b>	<b>\$2,019,331</b>	<b>\$132,617</b>	<b>\$ 66,788</b>	<b>\$15,002,016</b>	<b>\$1,339,847</b>	<b>\$16,341,863</b>

See Notes to Financial Statements

**GREATER K.C. LINC, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2000**

	Comprehensive Neighborhood Services	Title IV-E	Extended Day	Educare	Welfare To Work Services	Early Childhood HB1519	Data and Evaluation	Other State Funded Programs	Donor Funded Programs	Other	Total Program Expenses	General and Administrative	Total Expenses
<b>EXPENSES</b>													
Program expense	\$ 2,497,476		\$2,346,113	\$ 247,667	\$ 315,931	\$ 30,046	\$ 71,069	\$ 639,913	\$ 2,234	\$ 23,417	\$ 6,173,866		\$ 6,173,866
Payments to participating agencies		\$1,474,616									1,474,616		1,474,616
Salaries	673,110	33,810	879,693	43,537			170,061	627,109	53,408		2,480,728	\$ 384,825	2,865,553
Consultants	5,274	13,318	88,372	7,580	100,000	34,352		201,283	172,395	5,080	627,654	40,295	667,949
Employee benefits	194,717	12,721	324,953	15,191	79,701		63,560	119,958			810,801	16,939	827,740
Incentives	41,135			11,929	151,615			28,600			233,279	321	233,600
Administrative fees			25,193		34,545	45,000		36,236			140,974		140,974
Supplies	87,579		271,558	14,114			2,432	36,774		902	413,359	47,136	460,495
Continuing education and conferences	34,650			151		161,894	368	20,103	925		218,091	854	218,945
Depreciation											0	180,285	180,285
Rent		138,120						4,020			142,140	2,065	144,205
Printing and copying	7,152		10,080	6,194			57,876	24,729	10,842		116,873	4,629	121,502
Equipment	34,704		80,138	505	3,922			97,948	31,095	1,741	250,053	2,481	252,534
Postage	4,409			3,378			65,876	8,609	7,489		89,761	1,281	91,042
Telephone	25,412		2,144	907			(659)	5,057			32,861	27,647	60,508
Equipment rental and maintenance	4,040		4,567					20,965		256	29,828	25,129	54,957
Meetings and refreshments	21,646		1,198				1,923	204	3,281	625	28,877	37,475	66,352
Payroll expenses	26,009	1,851	35,924	2,190			10,232	16,115			92,321	115	92,436
Travel	5,284	4,388			7,726		2,046	11,284	49		30,777	14,837	45,614
Mileage	11,367	621	7,200	5,951			514	2,961	100	(225)	28,489	2,556	31,045
Bus and taxi service	6,280		9,715					4,013		849	20,857		20,857
Accounting fees											0	8,893	8,893
Subscriptions and publications	2,095						4,460	1,429	880		8,864	1,219	10,083
Advertising			61				23,912	71,747	1,798		97,518	1,491	99,009
Parking	7							53			60	391	451
Facilities usage	6,677							30,983			37,660		37,660
Child care	2,954		177,475					912			181,341		181,341
Insurance	1,500		16,760					6,687			24,947	734	25,681
Bad debt											0	1,120,993	1,120,993
Other	354		4,560	83			1,619	15,744	743		23,103	20,982	44,085
<b>Total Expenses</b>	<b>\$ 3,693,831</b>	<b>\$1,679,445</b>	<b>\$4,285,704</b>	<b>\$ 359,377</b>	<b>\$ 693,440</b>	<b>\$ 271,292</b>	<b>\$ 475,289</b>	<b>\$2,033,436</b>	<b>\$285,239</b>	<b>\$ 32,645</b>	<b>\$13,809,698</b>	<b>\$1,943,573</b>	<b>\$15,753,271</b>

See Notes to Financial Statements

**GREATER K.C. LINC, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 7,605	\$ 1,896,226
Item not requiring cash:		
Depreciation	254,762	180,285
Changes in:		
Accounts and grants receivable	1,930,658	2,373,716
Prepaid expenses	(50,206)	(802)
Payables and accrued expenses	<u>516,361</u>	<u>(682,516)</u>
Net cash provided by operating activities	<u>2,659,180</u>	<u>3,766,909</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(267,271)</u>	<u>(423,436)</u>
Net cash used in investing activities	<u>(267,271)</u>	<u>(423,436)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,391,909	3,343,473
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>7,929,840</u>	<u>4,586,367</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 10,321,749</u>	<u>\$ 7,929,840</u>
<b>RECONCILIATION OF CASH TO THE BALANCE SHEETS</b>		
Cash and cash equivalents	\$ 4,275,289	\$ 5,021,595
Cash in assets limited as to use		
Externally designated	4,046,460	2,908,245
Internally designated	<u>2,000,000</u>	<u>                    </u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 10,321,749</u>	<u>\$ 7,929,840</u>

See Notes to Financial Statements



**GREATER K.C. LINC, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001 AND 2000**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Greater K.C. LINC, Inc. (LINC) is a Missouri not-for-profit organization that works to improve the lives of children and families in Kansas City, Missouri and Jackson County, Missouri. LINC assists neighborhoods to develop comprehensive human services, supports and opportunities. Its initiatives include an integrated community welfare-to-work system; neighborhood-based services; performance-based contracting; collaborative planning; leveraging in-kind services in low-income neighborhoods; and use of information technologies to support decision-making, planning and service delivery. LINC receives significant funding from the U.S. Department of Health and Human Services and the Missouri Department of Social Services. The following is a more detailed description of its major initiatives.

**Comprehensive Neighborhood Services (CNS):** LINC administers Caring Communities Funds in Jackson County, Missouri as part of a system reform effort directed at developing more effective services for children and families. LINC facilitates the planning and development process, in cooperation with local school districts and the community, to deliver multi-disciplinary services through neighborhood linkages with local schools. At June 30, 2001, twenty-one schools in five school districts were participating in the CNS program.

**Title IV-E Claiming:** The federal government provides partial reimbursement to organizations under Title IV-E of the Social Security Act. The State of Missouri has an agreement with LINC to locally administer the State's Title IV-E claiming process. Each quarter, participating organizations conduct a five-day time study to help determine how much time was spent on qualified activities.

At June 30, 1999, 35 organizations had contracted with LINC to receive Title IV-E reimbursement. Effective for the year ended June 30, 2000, funding for this program was suspended (due to a dispute between the State and federal government regarding administration of the program) and the program was discontinued. However, LINC utilized other resources to provide participating agencies with their respective shares of funding through December 31, 1999. Receivables related to Title IV-E amounting to \$715,000 have been fully reserved for (*see Note 2*).

**Extended Day:** Under the Extended Day program, LINC is responsible for providing before and after school daycare services for working needy families. This program is designed to improve educational outcomes and other societal benefits. At June 30, 2001, 47 schools located in the Kansas City, Missouri School District were participating in this program. Other smaller programs are also included in the category.

**Educare:** This program is designed to enhance the early childhood development of children between the ages of zero to three years old. The program offers training, educational resources and home visits to family care providers located in Jackson, Clay and Platte County, Missouri, and address core competencies for early care and education professionals.

**GREATER K.C. LINC, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001 AND 2000**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Nature of Operations (Continued):**

**Welfare-To-Work:** Under the Welfare-to-Work program, LINC is responsible for serving the unemployed and underemployed adults in Kansas City, Missouri and Jackson County, Missouri by developing, planning, contracting and monitoring the community-based welfare-to-work system. The system focuses on job retention issues affecting employment including: child care, job readiness, personal skills, employer training and public transportation.

**Early Childhood HB 1519:** This program is designed to (a) provide technical assistance to area early education professionals, (b) provide extensive resources and support to area child care programs that are working to achieve national accreditation, and (c) to provide other benefits to child care centers that are working to improve quality child care as they keep their fees affordable. One initiative rewards early education teachers for professional development through wage increases and provides other incentives to attract and retain qualified staff as well.

**Data and Evaluation:** The largest programs in this category are for LINC MIS, communications and finance costs and for data and research projects. The data and research initiatives support LINC efforts to develop and maintain a current database of assisted families and individuals and other data support for LINC and other initiatives. The resulting system is increasingly accurate and useful with applications and capabilities that can be used internally as well as outside of LINC. Other funding in this category supports part of LINC's accounting and IT infrastructure.

**Other State Funded Programs:** Mentoring programs make up the largest part of this category. Under the mentoring programs, outreach to low income areas identifies individuals and families in need of assistance and services. Other smaller programs are also included in this category.

**Cash Equivalents**

At June 30, 2001 and 2000, cash equivalents consisted primarily of commercial paper.

**Property and Equipment**

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

**GREATER K.C. LINC, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001 AND 2000**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Payables**

Accounts payable represents trade and program-related payables incurred by LINC.

Payable to participating agencies represents claims reimbursable to subrecipients under the Title IV-E program. These claims were accrued as payables at June 30, 2000 and paid during the fiscal year ending June 30, 2001. LINC agreed to pay claims submitted by direct partners even though the State may not reimburse LINC as discussed on page seven.

**Contributions and Grants**

LINC reports gifts and funding of cash and other assets as restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor or grantor 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. Donor or grantor contributions whose restrictions are satisfied in the same period as received are reported as unrestricted revenue and net assets.

**Temporarily Restricted Net Assets**

Temporarily restricted net assets are those whose use by LINC has been limited by donors or grantors to a specific time period or purpose.

**Income Taxes**

Greater K.C. LINC, Inc. is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

**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.

**Reclassification**

Certain reclassifications have been made to the 2000 financial statements to conform to the 2001 financial statement presentation. These reclassifications had no effect on change in net assets.

**GREATER K.C. LINC, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001 AND 2000**

**NOTE 2: ACCOUNTS AND GRANTS RECEIVABLE**

Accounts and grants receivable consists of amounts due from the Missouri Department of Social Services and private grantors as of June 30, 2001 and 2000 for the following:

	2001	2000
Title IV-E Program	\$ 715,000	\$ 715,000
Extended Day Program	205,014	12,720
Comprehensive Neighborhood Services Program		1,088,873
TANF Leavers		317,973
Educare		300,530
Faith Friends	220,500	618,000
Title I Funds	1,010,625	933,150
Other programs	<u>182,457</u>	<u>255,965</u>
	2,333,596	4,242,211
Less allowance for doubtful accounts		
Title IV-E	(715,000)	(715,000)
Other	<u>(428,043)</u>	<u>(406,000)</u>
	<u>\$ 1,190,553</u>	<u>\$ 3,121,211</u>

**NOTE 3: ASSETS AS TO LIMITED USE**

Restricted net assets are available for the following purposes at June 30:

	2001	2000
Externally restricted by funding agency:		
Improved or extended services to families and children	\$ 573,036	\$ 1,005,910
Extended Day Program	2,969,621	1,881,792
Welfare-to-Work Program	297,223	412,625
Data and Evaluation Project	70,302	583,405
Division of Aging	48,808	291,524
Early Childhood House Bill 1519		257,374
Faith Friends	169,531	351,754
Various special projects and programs	<u>292,484</u>	<u>414,675</u>
	4,421,005	5,199,059
Internally restricted by Commission:		
Designated community program funding	<u>2,000,000</u>	<u>                    </u>
	<u>\$ 6,421,005</u>	<u>\$ 5,199,059</u>

**GREATER K.C. LINC, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001 AND 2000**

**NOTE 4: TEMPORARILY RESTRICTED ASSETS RELEASED FROM RESTRICTION**

Net assets were released from donor or grantor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors or grantors. These amounts released are as follows:

	<u>2001</u>	<u>2000</u>
Expenses incurred on behalf of:		
Improvement of services to families and children	\$ 432,874	\$ 1,541,325
Extended Day Program	1,884,560	125,000
Welfare-to-Work Program	566,586	349,134
Data and Evaluation Project	557,476	80,806
Faith Friends	351,754	248,246
Early Childhood House Bill 1519	257,374	0
Division of Aging	286,416	
Other special projects and programs	<u>134,873</u>	<u>149,851</u>
	<u>\$4,471,913</u>	<u>\$ 2,494,362</u>

**NOTE 5: MID-AMERICA REGIONAL COUNCIL (MARC)**

LINC has entered into an agreement with MARC in which MARC will provide human resource, payroll services, and fringe benefits for employees who work under the direction of the LINC Executive Director or are designated to implement LINC initiatives. LINC reimburses MARC for the costs of providing salary and benefits to the designated LINC employees plus a 4% administrative fee. LINC employees under the MARC system are eligible to participate in a defined contribution plan and a 401(k) Salary Deferral Plan sponsored by MARC. LINC contributes 7.5% of total eligible compensation paid to employees during the plan year and an employer match of 50% of the employees' voluntary contribution up to a maximum of 2% of gross pay. Participant's interests are vested over a period from two to six years of service in Company contributions and immediately in employee salary deferral contributions. Total payments to MARC were approximately \$3,450,000 and \$2,500,000, respectively, including contributions to the defined contribution plan of \$163,629 and \$81,136, respectively, and contributions to the 401(k) Plan of \$38,501 and \$22,707, respectively, for the years ended June 30, 2001 and 2000.

**NOTE 6: STATE-FUNDED EXPENDITURES**

The Missouri Department of Social Services (MDSS) has agreed to provide LINC with funding for administrative expenses including, but not limited to, certain administrative salaries and benefits, rent, parking space, office supplies, printing and capital assets. LINC remits purchase orders or payment requests to the MDSS, who pays the invoices directly. Funding is recognized in the statement of activities as support and expenditures. Such funding and related expenditures amounted to \$370,479 and \$376,801 for the years ended June 30, 2001 and 2000, respectively.

**GREATER K.C. LINC, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001 AND 2000**

**NOTE 7: UMKC CONTRACT**

The MDSS has contracted with LINC to serve as an administrator of a contract between MDSS and the University of Missouri – Kansas City (UMKC). LINC reviews UMKC invoices and billings, submits them to MDSS for funding, and tracks funding for the contract period. LINC does not receive any funding related to this contract and, thus, no revenues or expenses related thereto are reported in the statement of activities.

**NOTE 8: SIGNIFICANT ESTIMATES AND CONCENTRATIONS**

Generally accepted accounting principles require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

**Revenues**

For the year ended June 30, 2001, funding for one federal program (passed through the Missouri Department of Social Services) accounted for 43% of LINC's total revenues, gains and other support.

For the year ended June 30, 2000, funding for two federal programs (passed through the Missouri Department of Social Services) accounted for 53% of LINC's total revenues, gains and other support. Additionally, during the year ended June 30, 2000, LINC's Title IV-E funding was suspended (*see Note 1*).

**Expenses**

LINC has entered into an agreement with MARC to provide payroll and other related services for certain employees (*see Note 5*).