



CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.


FINANCIAL STATEMENTS
JULY 31, 2016 AND 2015
TOGETHER WITH INDEPENDENT AUDITORS' REPORT



**DI CICCO,
GULMAN &
COMPANY LLP**

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

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Independent Auditors' Report

To the Board of Trustees
Children's Advocacy Center of Suffolk County, Inc.

We have audited the accompanying financial statements of Children's Advocacy Center of Suffolk County, Inc. (a nonprofit organization) which comprise the statements of financial position as of July 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Advocacy Center of Suffolk County, Inc. as of July 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Di Cicco, Helman + Company LLP

December 13, 2016

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

<u>July 31,</u>	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 1,015,747	\$ 769,640
Contributions receivable	349,671	267,520
Equipment and improvements, net	<u>48,359</u>	<u>59,002</u>
Total assets	<u>\$ 1,413,777</u>	<u>\$ 1,096,162</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	<u>\$ 54,215</u>	<u>\$ 42,314</u>
Net assets:		
Unrestricted	874,828	738,520
Temporarily restricted	<u>484,734</u>	<u>315,328</u>
Total net assets	<u>1,359,562</u>	<u>1,053,848</u>
Total liabilities and net assets	<u>\$ 1,413,777</u>	<u>\$ 1,096,162</u>

The accompanying notes are an integral part of the financial statements.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JULY 31, 2016 AND 2015

	2016			2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:						
Contributions and grants	\$ 48,628	\$ 514,811	\$ 563,439	\$ 72,145	\$ 401,130	\$ 473,275
Donated goods and services	707,374	-	707,374	566,183	-	566,183
Event income	318,093	-	318,093	208,857	-	208,857
Interest income	192	-	192	89	-	89
Net assets released from restriction	345,405	(345,405)	-	223,974	(223,974)	-
 Total support and revenue	 <u>1,419,692</u>	 <u>169,406</u>	 <u>1,589,098</u>	 <u>1,071,248</u>	 <u>177,156</u>	 <u>1,248,404</u>
Expenses:						
Program services	1,000,485	-	1,000,485	765,072	-	765,072
Management and general	83,997	-	83,997	70,171	-	70,171
Fundraising	198,902	-	198,902	141,723	-	141,723
 Total expenses	 <u>1,283,384</u>	 <u>-</u>	 <u>1,283,384</u>	 <u>976,966</u>	 <u>-</u>	 <u>976,966</u>
 Change in net assets	 136,308	 169,406	 305,714	 94,282	 177,156	 271,438
 Net assets, beginning	 <u>738,520</u>	 <u>315,328</u>	 <u>1,053,848</u>	 <u>644,238</u>	 <u>138,172</u>	 <u>782,410</u>
 Net assets, ending	 <u>\$ 874,828</u>	 <u>\$ 484,734</u>	 <u>\$ 1,359,562</u>	 <u>\$ 738,520</u>	 <u>\$ 315,328</u>	 <u>\$ 1,053,848</u>

The accompanying notes are an integral part of the financial statements.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JULY 31, 2016 AND 2015

	2016				2015			
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Employment expenses:								
Salaries and wages	\$ 576,867	\$ 42,165	\$ 54,810	\$ 673,842	\$ 452,887	\$ 44,608	\$ 64,282	\$ 561,777
Payroll taxes and benefits	149,879	5,494	8,785	164,158	78,008	3,896	5,787	87,691
	<u>726,746</u>	<u>47,659</u>	<u>63,595</u>	<u>838,000</u>	<u>530,895</u>	<u>48,504</u>	<u>70,069</u>	<u>649,468</u>
Other expenses:								
Depreciation	9,705	469	469	10,643	9,248	447	448	10,143
Dues and fees	5,014	243	243	5,500	1,385	67	67	1,519
Education and training	19,661	-	-	19,661	8,027	-	-	8,027
Electronic payment fees	-	-	3,929	3,929	-	-	5,338	5,338
Events	-	-	39,479	39,479	-	-	58,539	58,539
Insurance	6,166	298	298	6,762	4,643	225	225	5,093
Marketing	-	-	84,151	84,151	-	-	1,858	1,858
Office supplies	7,432	359	359	8,150	2,228	108	108	2,444
Other expenses	4,100	198	198	4,496	107	5	5	117
Outside consultants	93,864	-	-	93,864	103,806	-	-	103,806
Professional fees	-	28,590	-	28,590	-	15,750	-	15,750
Rent	76,409	3,696	3,696	83,801	74,676	3,612	3,612	81,900
Telephone and internet	21,691	1,049	1,049	23,789	7,178	347	348	7,873
Travel and entertainment	23,498	1,136	1,136	25,770	16,587	802	802	18,191
Utilities	6,199	300	300	6,799	6,292	304	304	6,900
	<u>273,739</u>	<u>36,338</u>	<u>135,307</u>	<u>445,384</u>	<u>234,177</u>	<u>21,667</u>	<u>71,654</u>	<u>327,498</u>
Total	<u>\$ 1,000,485</u>	<u>\$ 83,997</u>	<u>\$ 198,902</u>	<u>\$ 1,283,384</u>	<u>\$ 765,072</u>	<u>\$ 70,171</u>	<u>\$ 141,723</u>	<u>\$ 976,966</u>

The accompanying notes are an integral part of the financial statements.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENTS OF CASH FLOWS

For the years ended July 31,	2016	2015
Cash flows from operating activities:		
Change in net assets	<u>\$ 305,714</u>	<u>\$ 271,438</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,643	10,143
Contributions of equipment	-	(959)
Changes in:		
Contributions receivable	(82,151)	(223,696)
Accounts payable and accrued expenses	<u>11,901</u>	<u>25,264</u>
Total adjustments	<u>(59,607)</u>	<u>(189,248)</u>
 Net cash provided by operating activities	 <u>246,107</u>	 <u>82,190</u>
 Cash flows from investing activities:		
Purchases of equipment and improvements	<u>-</u>	<u>(4,822)</u>
 Net cash used in investing activities	 <u>-</u>	 <u>(4,822)</u>
 Net increase in cash and cash equivalents	 246,107	 77,368
 Cash and cash equivalents, beginning	 <u>769,640</u>	 <u>692,272</u>
 Cash and cash equivalents, ending	 <u><u>\$ 1,015,747</u></u>	 <u><u>\$ 769,640</u></u>

The accompanying notes are an integral part of the financial statements.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Children's Advocacy Center of Suffolk County, Inc. (the "Organization") is a Massachusetts nonprofit corporation formed in 1994. The Organization's mission is to unite public, private and community partners to promote safety, healing and justice for child victims and their families. The Organization works with police, prosecutors, social workers, advocates, medical and mental health professionals and others to provide high-quality, specialized services for abused children and their families.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with the accounting principles generally accepted in the United States of America ("U.S. GAAP").

Subsequent Events

Management has evaluated subsequent events through December 13, 2016, the date the financial statements were approved and authorized for issuance by management, and determined that there were no subsequent events that would require recognition in, or disclosure in the notes to, the financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents. The Organization maintains its cash and cash equivalents at various financial institutions, which at times may exceed federal insurance limits. The Organization has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risks on its cash and cash equivalent accounts.

Contributions Receivable

Promises to give are included in the financial statements as contributions receivable and as support and revenue of the appropriate net asset category subject to a discount, if applicable, when a donor makes a promise that is, in substance, unconditional. The Organization evaluates its contributions receivable for collectability on a periodic basis and establishes an allowance based on prior experience and an analysis of specific promises made. At July 31, 2016 and 2015, the Organization considered its contributions receivable to be fully collectible. Accordingly, no allowance for uncollectible amounts has been recorded.

Equipment and Improvements, Net

Equipment and improvements are recorded at cost, if purchased, or at estimated fair value at the date of gift, if donated. Major additions and improvements are capitalized, while maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or the lease term, if shorter.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Net Assets

The Organization is required to report information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted

Unrestricted net assets are resources over which the Board of Trustees has discretionary control.

Temporarily Restricted

The Organization may receive grants and contributions which are restricted by donors for specific purposes or for specified time periods. These grants and contributions are recorded as temporarily restricted net assets until they are expended for their restricted purposes or the time restriction lapses, and they are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently Restricted

Permanently restricted net assets are those resources subject to donor-imposed restrictions that they be maintained permanently by the Organization. As of July 31, 2016 and 2015, there were no net assets in this category.

Support and Revenue

Unrestricted contributions are recorded as support and revenue when received or unconditionally pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. Transfers are made to unrestricted net assets as costs are incurred or time restrictions have lapsed.

Contributions of donated noncash assets are recorded at fair value in the period received. Meals, materials, utilities, telephone, and transportation were donated to the Organization for various operational activities during the years ended July 31, 2016 and 2015. These donations are included in support and revenue and expenses at their estimated fair values of \$108,172 and \$43,508 for the years ended July 31, 2016 and 2015, respectively. Contributions of equipment with a fair value of \$959 were capitalized during the year ended July 31, 2015.

During the years ended July 31, 2016 and 2015, the Organization was allowed to use portions of the City of Boston's Family Justice Center on a rent free basis. The estimated fair value of this donation for the years ended July 31, 2016 and 2015 was \$83,801 and \$81,900, respectively, and is included in support and revenue, and in expenses as rent expense.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Support and Revenue (Continued)

Contributions of donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided as a donation, are recorded at their fair value in the period in which the services are rendered. Amounts satisfying these criteria for recognition in the financial statements as support and revenue and expenses were as follows for the years ended July 31:

	<u>2016</u>	<u>2015</u>
Executive director salary	\$ 90,000	\$ 87,500
Program coordinators salaries	81,500	116,737
Nurse salary	90,000	85,323
Forensic interviewer salary	59,000	57,000
Director of mental health	36,250	-
Related payroll taxes and benefits	109,951	42,756
Medical and mental health consulting	48,000	48,000
Trauma center consulting	<u>2,500</u>	<u>2,500</u>
	<u>\$ 517,201</u>	<u>\$ 439,816</u>

The Organization also received donated services from numerous volunteers assisting the Organization which do not meet the criteria for recognition of donated services. The fair value of these donated services is not reasonably estimable.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code ("IRC") Section 501(c)(3). The Organization is not classified as a private foundation. Contributions made to the Organization are deductible by donors as provided in IRC Section 170.

U.S. GAAP prescribes the threshold a tax position is required to meet before being recognized in the financial statements. The tax-exempt status of an entity is considered a tax position. An additional liability for uncertain tax positions ("UTPs") is recognized and recorded as a component of current income tax expense for differences between financial and income tax reporting positions which do not meet the threshold. Any interest and penalties related to UTPs are recorded as a component of income tax expense.

The Organization has not taken any positions, including tax positions that would jeopardize its tax-exempt status, which would have a material effect, individually or in the aggregate, on its financial statements and thus has not recorded a liability at July 31, 2016 or 2015.

The Organization files tax returns in federal and state jurisdictions. The Organization is no longer subject to examinations by tax authorities for years prior to 2012. Currently, there are no income tax audits in process.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

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

Note 2 - Equipment and Improvements, Net

Equipment and improvements, net consists of the following at July 31:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 102,426	\$ 102,426
Leasehold improvements	<u>47,463</u>	<u>47,463</u>
	149,889	149,889
Less accumulated depreciation	<u>101,530</u>	<u>90,887</u>
	<u>\$ 48,359</u>	<u>\$ 59,002</u>

Note 3 - Temporarily Restricted Net Assets

At July 31, 2016 and 2015, temporarily restricted net assets consists of funds held for:

	<u>2016</u>	<u>2015</u>
SEEN program	\$ 104,798	\$ 64,412
Family advocacy program	116,652	41,150
Mental health program	263,252	209,724
Client use	<u>32</u>	<u>42</u>
	<u>\$ 484,734</u>	<u>\$ 315,328</u>

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 4 - Net Assets Released From Restrictions

Temporarily restricted net assets were released from donor restrictions during the years ended July 31, 2016 and 2015 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

	<u>2016</u>	<u>2015</u>
SEEN Program	\$ 60,473	\$ 95,515
Family advocacy program	71,149	49,263
Mental health program	181,199	68,237
Client use	<u>32,584</u>	<u>10,959</u>
	<u>\$ 345,405</u>	<u>\$ 223,974</u>

Note 5 - Related Party Transactions

During 2016 and 2015, the Organization recognized approximately \$27,000 and \$28,000, respectively, in unrestricted donations from board members and their families.

Note 6 - Concentrations

During 2016, the Organization received approximately 59% of its contributions from three sources. During 2015, the Organization received approximately 29% of its contributions from one source. No other single source was greater than 10% during 2015.

At July 31, 2016, 91% of the Organization's contributions receivable were from two sources.

At July 31, 2015, 83% of the Organization's contributions receivable were from three sources.

During 2016 and 2015, the Organization received approximately 90% and 85%, respectively, of its donated goods and services from four sources.

Note 7 - Contingencies

From time to time, the Organization may be involved in legal actions arising in the ordinary course of its operations. Each of these matters is subject to various uncertainties, and it is possible that some of these matters may be resolved unfavorably. The Organization establishes accruals for losses that management deems to be probable and subject to reasonable estimate. The Organization is not currently involved in any such matters.