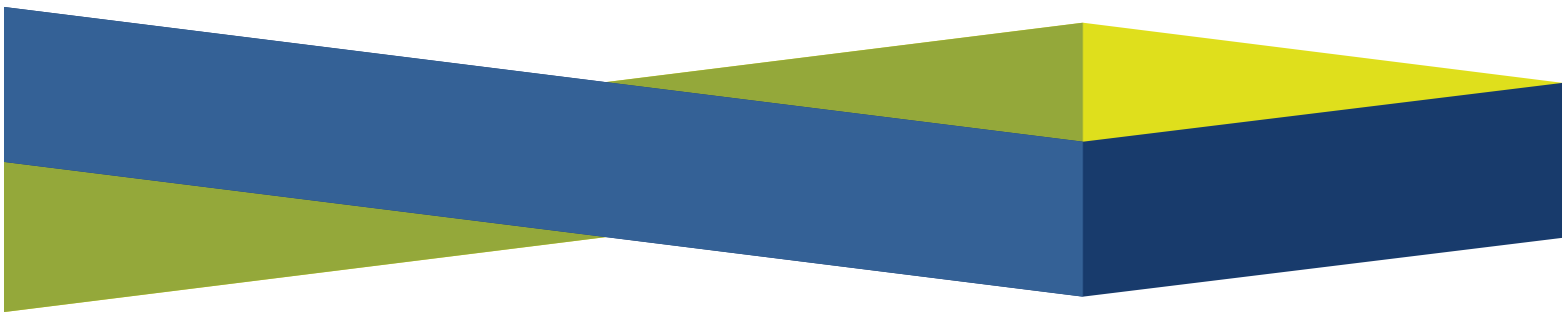


**CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.**

FINANCIAL STATEMENTS  
JULY 31, 2017 AND 2016  
TOGETHER WITH INDEPENDENT AUDITORS' REPORT



**CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.**

**FINANCIAL STATEMENTS**

**JULY 31, 2017 AND 2016**

**Table of Contents**

Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 12

## 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, 2017 and 2016, 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, 2017 and 2016, 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.

***Emphasis of Matter***

The financial statements as of and for the year ended July 31, 2016, have been restated to correct a misstatement discussed in Note 8 to the financial statements. Our opinion is not modified with respect to this matter.

*Di Cicco, Hulman & Company LLP*

December 6, 2017

**CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.**

**STATEMENTS OF FINANCIAL POSITION**

<b>July 31,</b>	<b>2017</b>	<b>2016</b> (As Restated)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,220,112	\$ 1,015,747
Contributions receivable	167,283	150,276
Prepaid expenses	7,362	-
Equipment and improvements, net	<u>45,492</u>	<u>48,359</u>
<b>Total assets</b>	<b><u><u>\$ 1,440,249</u></u></b>	<b><u><u>\$ 1,214,382</u></u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	<u>\$ 46,883</u>	<u>\$ 54,215</u>
<b>Net assets:</b>		
Unrestricted	1,201,165	874,828
Temporarily restricted	<u>192,201</u>	<u>285,339</u>
<b>Total net assets</b>	<b><u><u>1,393,366</u></u></b>	<b><u><u>1,160,167</u></u></b>
<b>Total liabilities and net assets</b>	<b><u><u>\$ 1,440,249</u></u></b>	<b><u><u>\$ 1,214,382</u></u></b>

*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, 2017 AND 2016 (AS RESTATED)**

	<u>2017</u>			<u>2016</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue:</b>						
Contributions and grants	\$ 113,830	\$ 653,645	\$ 767,475	\$ 73,532	\$ 448,729	\$ 522,261
Donated goods and services	645,918	-	645,918	707,374	-	707,374
Event income	298,432	-	298,432	293,189	-	293,189
Interest income	308	-	308	192	-	192
Net assets released from restriction	746,783	(746,783)	-	345,405	(345,405)	-
Total support and revenue	<u>1,805,271</u>	<u>(93,138)</u>	<u>1,712,133</u>	<u>1,419,692</u>	<u>103,324</u>	<u>1,523,016</u>
<b>Expenses:</b>						
Program services	1,173,604	-	1,173,604	1,000,485	-	1,000,485
Management and general	91,424	-	91,424	83,997	-	83,997
Fundraising	213,906	-	213,906	198,902	-	198,902
Total expenses	<u>1,478,934</u>	<u>-</u>	<u>1,478,934</u>	<u>1,283,384</u>	<u>-</u>	<u>1,283,384</u>
Change in net assets	326,337	(93,138)	233,199	136,308	103,324	239,632
Net assets, beginning of year - as restated	<u>874,828</u>	<u>285,339</u>	<u>1,160,167</u>	<u>738,520</u>	<u>182,015</u>	<u>920,535</u>
<b>Net assets, ending</b>	<u><u>\$ 1,201,165</u></u>	<u><u>\$ 192,201</u></u>	<u><u>\$ 1,393,366</u></u>	<u><u>\$ 874,828</u></u>	<u><u>\$ 285,339</u></u>	<u><u>\$ 1,160,167</u></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, 2017 AND 2016 (AS RESTATED)**

	2017				2016			
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
<b>Employment expenses:</b>								
Salaries and wages	\$ 682,878	\$ 47,216	\$ 69,330	\$ 799,424	\$ 576,867	\$ 42,165	\$ 54,810	\$ 673,842
Payroll taxes and benefits	164,532	6,453	10,880	181,865	149,879	5,494	8,785	164,158
	<u>847,410</u>	<u>53,669</u>	<u>80,210</u>	<u>981,289</u>	<u>726,746</u>	<u>47,659</u>	<u>63,595</u>	<u>838,000</u>
<b>Other expenses:</b>								
Depreciation	8,968	434	434	9,836	9,705	469	469	10,643
Dues and fees	664	33	33	730	5,014	243	243	5,500
Education and training	32,491	-	-	32,491	19,661	-	-	19,661
Electronic payment fees	-	-	12,091	12,091	-	-	3,929	3,929
Events	-	-	39,920	39,920	-	-	39,479	39,479
Insurance	7,796	377	377	8,550	6,166	298	298	6,762
Marketing	-	-	72,877	72,877	-	-	84,151	84,151
Office supplies	4,027	195	195	4,417	7,432	359	359	8,150
Other expenses	4,277	207	207	4,691	4,100	198	198	4,496
Outside consultants	111,650	-	-	111,650	93,864	-	-	93,864
Professional fees	-	28,947	-	28,947	-	28,590	-	28,590
Rent	78,547	3,800	3,800	86,147	76,409	3,696	3,696	83,801
Telephone and internet	33,847	1,637	1,637	37,121	21,691	1,049	1,049	23,789
Travel and entertainment	36,714	1,776	1,776	40,266	23,498	1,136	1,136	25,770
Utilities	7,213	349	349	7,911	6,199	300	300	6,799
	<u>326,194</u>	<u>37,755</u>	<u>133,696</u>	<u>497,645</u>	<u>273,739</u>	<u>36,338</u>	<u>135,307</u>	<u>445,384</u>
<b>Total</b>	<u>\$ 1,173,604</u>	<u>\$ 91,424</u>	<u>\$ 213,906</u>	<u>\$ 1,478,934</u>	<u>\$ 1,000,485</u>	<u>\$ 83,997</u>	<u>\$ 198,902</u>	<u>\$ 1,283,384</u>

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

**CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.**

**STATEMENTS OF CASH FLOWS**

<b>For the years ended July 31,</b>	<b>2017</b>	<b>2016</b> (As Restated)
<b>Cash flows from operating activities:</b>		
Change in net assets	<u>\$ 233,199</u>	<u>\$ 239,632</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,836	10,643
Changes in:		
Contributions receivable	(17,007)	(16,069)
Prepaid expenses	(7,362)	-
Accounts payable and accrued expenses	(7,332)	11,901
<b>Total adjustments</b>	<u>(21,865)</u>	<u>6,475</u>
<b>Net cash provided by operating activities</b>	<u>211,334</u>	<u>246,107</u>
<b>Cash flows from investing activities:</b>		
Purchases of equipment and improvements	<u>(6,969)</u>	<u>-</u>
<b>Net cash used in investing activities</b>	<u>(6,969)</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	<b>204,365</b>	<b>246,107</b>
<b>Cash and cash equivalents, beginning</b>	<u>1,015,747</u>	<u>769,640</u>
<b>Cash and cash equivalents, ending</b>	<u>\$ 1,220,112</u>	<u>\$ 1,015,747</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 6, 2017, 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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016. These donations are included in support and revenue and expenses at their estimated fair values of \$73,321 and \$108,172 for the years ended July 31, 2017 and 2016, respectively.

During the years ended July 31, 2017 and 2016, 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, 2017 and 2016 was \$82,104 and \$82,001, 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>2017</u>	<u>2016</u>
Salary and wages	\$ 335,500	\$ 356,750
Related payroll taxes and benefits	104,493	109,951
Consulting	<u>50,500</u>	<u>50,500</u>
	<u>\$ 490,493</u>	<u>\$ 517,201</u>

The Organization also received donated services from numerous volunteers assisting the Organization that 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, 2017 or 2016.

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 the 2014 fiscal year. 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.

**Reclassifications**

Certain 2016 amounts have been reclassified to conform with the 2017 presentation. The reclassifications have no impact on previously reported net assets or change in net assets.

**Note 2 - Equipment and Improvements, Net**

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

	<u>2017</u>	<u>2016</u>
Equipment	\$ 109,395	\$ 102,426
Leasehold improvements	<u>47,463</u>	<u>47,463</u>
	156,858	149,889
Less accumulated depreciation	<u>111,366</u>	<u>101,530</u>
	<u>\$ 45,492</u>	<u>\$ 48,359</u>

**Note 3 - Temporarily Restricted Net Assets**

At July 31, 2017 and 2016, temporarily restricted net assets consists of funds held for:

	<u>2017</u>	<u>2016</u>
		(As Restated)
SEEN program	\$ 85,598	\$ 104,798
Family advocacy program	49,656	116,652
Mental health program	56,047	63,857
Client use	<u>900</u>	<u>32</u>
	<u>\$ 192,201</u>	<u>\$ 285,339</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, 2017 and 2016 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

	<u>2017</u>	<u>2016</u>
SEEN Program	\$ 128,719	\$ 60,473
Family advocacy program	349,834	71,149
Mental health program	61,131	181,199
Client use	<u>207,099</u>	<u>32,584</u>
	<u>\$ 746,783</u>	<u>\$ 345,405</u>

**Note 5 - Related Party Transactions**

During 2017 and 2016, the Organization recognized approximately \$16,900 and \$27,000, respectively, in unrestricted donations from board members and their families.

**Note 6 - Concentrations**

During 2017, the Organization received approximately 64% of its contributions from three sources. During 2016, the Organization received approximately 38% of its contributions from two sources.

At July 31, 2017 and 2016, 68% and 78%, respectively, of the Organization's contributions receivable were from three sources.

During 2017, the Organization received approximately 82% of its donated goods and services from three sources. During 2016, the Organization received approximately 90%, 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.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

**Note 8 - Restatement of Net Assets**

During 2017, the Organization identified an accounting error related to the recognition of revenue from certain government contracts and grants. The correction of the error impacted the statements of financial position and activities as of and for the year ended July 31, 2016. Following is a summary of the financial statement impact.

Statement of financial position – July 31, 2016

	<u>Originally Reported</u>	<u>Restated Balance</u>	<u>Prior Period Adjustment</u>
Contribution receivable	<u>\$ 349,671</u>	<u>\$ 150,276</u>	<u>\$ (199,395)</u>
Net assets – temporarily restricted			
Beginning balance	\$ 315,328	\$ 182,015	\$ (133,313)
Change in net assets	<u>169,406</u>	<u>103,324</u>	<u>(66,082)</u>
Ending balance	<u>\$ 484,734</u>	<u>\$ 285,339</u>	<u>\$ (199,395)</u>

Statement of activities – For the year ended July 31, 2016

Temporarily restricted contributions and grants	<u>\$ 514,811</u>	<u>\$ 448,729</u>	<u>\$ (66,082)</u>
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