CENTER FOR CHILD ABUSE PREVENTION AND TREATMENT
(A Non-profit Organization)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

LA FAYETTE, MELSSEN & PLATH, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Directors
Center for Child Abuse Prevention
and Treatment
dba Family Enhancement Center
Minneapolis, MN 55406

We have audited the accompanying financial statements of Center for Child Abuse Prevention and Treatment (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 auditor considers 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 Center for Child Abuse Prevention and Treatment as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2015 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated August 21, 2015. In our opinion, the summarized comparative information presented herein as and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

LaFayette, Mellsen & Plath, LTD.

Certified Public Accountants
February 3, 2017

CENTER FOR CHILD ABUSE PREVENTION AND TREATMENT

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016

(with summarized financial information for June 30, 2015)

	2016	2015
ASSETS		
Current Assets		
Cash	$ 213,176	$ 228,825
Accounts receivable, net	102,164	96,426
Prepaid expenses	8,977	12,996
Other receivables	-	40
Total Current Assets	324,317	338,287
Fixed assets		
Equipment	7,772	7,772
Accumulated depreciation	(4,080)	(2,525)
Total Fixed Assets	3,692	5,247
TOTAL ASSETS	$ 328,009	$ 343,534
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued expenses	$ 34,764	$ 19,877
Accounts payable	1,821	2,589
Capital lease obligation	796	721
Total Current Liabilities	37,381	23,187
Non-Current Liabilities		
Capital Lease Obligation	1,682	2,478
Total Non-Current Liabilities	1,682	2,478
Total Liabilities	39,063	25,665
NET ASSETS		
Unrestricted	269,946	317,869
Temporarily restricted	19,000	-
Total Net Assets	288,946	317,869
TOTAL LIABILITIES AND NET ASSETS	$ 328,009	$ 343,534

CENTER FOR SHILD ABUSE PREVENTION AND TREATMENT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

(with summarized financial information for June 30, 2015)

	2016			
	Unrestricted	Temporarily Restricted	Total	2015
SUPPORT AND REVENUE				
Support				
Contributions	$ 84,872	$ 20,000	$ 104,872	$ 101,731
Total Support	84,872	20,000	104,872	101,731
Revenue				
Program service fees, net	804,252	-	804,252	706,596
Ticket sales on golf and gala event	21,379	-	21,379	20,147
Interest income	50	-	50	-
Other	-	-	-	502
Net assets released from restrictions	1,000	(1,000)	-	-
Total Revenue	826,681	(1,000)	825,681	727,245
TOTAL SUPPORT AND REVENUE	911,553	19,000	930,553	828,976
EXPENSES				
Program	777,392	-	777,392	734,694
Costs of direct benefits to donors	15,574	-	15,574	12,106
Management and general	145,540	-	145,540	80,148
Fundraising	20,970	-	20,970	10,383
TOTAL EXPENSES	959,476	-	959,476	837,331
(Decrease) in net assets	(47,923)	19,000	(28,923)	(8,355)
Net assets, beginning of year	317,869	-	317,869	326,224
Net assets, end of year	$ 269,946	$ 19,000	$ 288,946	$ 317,869

See Accompanying Notes to Financial Statements.

CENTER FOR CHILD ABUSE PREVENTION AND TREATMENT

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

(with summarized financial information for the year ended June 30, 2015)

	June 30, 2016					
	Program	Costs of Direct Benefits to Donors	Management & General	Fundraising	Total	June 30, 2015
Salary & Benefits	$ 684,830	$ -	$ 111,893	$ 10,545	$ 807,268	$ 716,611
Contract & Professional Services	3,064	-	19,388	-	22,452	22,524
Program Expenses	18,928	-	-	59	18,987	20,570
Office & Operating Expenses	40,940	-	9,354	1,975	52,269	46,916
Travel, Trainings & Meetings	7,721	-	1,132	69	8,922	2,241
Fundraising	-	15,574	-	6,055	21,629	16,384
Insurance, Marketing & Other	9,877	-	2,457	2,267	14,601	6,762
Business Expenses	12,032	-	1,316	-	13,348	5,323
Total	$ 777,392	$ 15,574	$ 145,540	$ 20,970	$ 959,476	$ 837,331
Percentage	81%	2%	15%	2%	100%	

See Accompanying Notes to Financial Statements.

CENTER FOR CHILD ABUSE PREVENTION AND TREATMENT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016

(with summarized financial information for June 30, 2015)

	2016	2015
Cash flows from operating activities:		
Change in net assets	$ (28,923)	$ (8,355)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	1,555	1,440
Accounts receivable	(5,698)	(20,292)
Prepaid expenses	4,019	(3,521)
Accounts payable	(768)	(1,015)
Accrued expenses	14,887	8,911
Net cash (used in) operating activates	(14,928)	(22,832)
Cash flows from investing activities		
Purchase of fixed assets	-	(761)
Net cash (used in) investing activities	-	(761)
Cash flows from financing activities		
Payments on capital lease	(721)	(652)
Net cash (used in) financing activities	(721)	(652)
Net (decrease) in cash	(15,649)	(24,245)
Cash, beginning of year	228,825	253,070
Cash, end of year	$ 213,176	$ 228,825
Interest Expense	$ 287	$ 356

See Accompanying Notes to Financial Statements.

NATURE OF ACTIVITIES

Center for Child Abuse Prevention and Treatment, dba Family Enhancement Center (the Center) is a nonprofit organization established in 1993 with a mission to build a violence free community by enhancing the family's capacity to instill in its children dignity, self-worth and potential for meaningful lives by providing an innovative program of education, prevention and intervention.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and the changes therein are classified and reported as follows:

Unrestricted: Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

Temporarily restricted: Temporarily restricted net assets include those net assets whose use has been donor restricted by either specified time or purpose limitation.

Permanently restricted: Permanently restricted net assets represent funds that are restricted in perpetuity by the donor. As of June 30, 2016, the Organization does not have any permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reported amounts of revenue and expenses during the reporting period. The most significant estimate is the recovery of accounts receivable. Actual results could differ from those estimates.

Income Taxes

The Center is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. Management has evaluated for uncertain tax positions and has determined there are no uncertain tax positions as of June 30, 2016. Tax returns for the past three years remain open for examination by tax jurisdictions.

Accounts Receivable and Valuation Allowance

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectable amounts through a charge to activities and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. As of June 30, 2016, management has estimated an allowance for doubtful accounts of $21,244.

Equipment

Equipment is shown in the financial statements at cost. Equipment depreciation is computed on the straight-line method based upon estimated useful lives of the assets. Depreciation expense amounted to $1,555 as of June 30, 2015.

When equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts. Any resulting gain or loss on disposal is recognized as income or expense at the time of retirement or disposal. Maintenance and repair expenditures are expensed as incurred.

Contributions

Contributions, which may include unconditional promises to give ("pledges"), are recognized as revenues in the period received. Contributions are measured at their fair value and reported as increases in net assets. The Center reports gifts of cash and other assets as restricted contributions when they are received with donor stipulations that limit the use of the donated assets. When the intent of the donor is that the assets are to remain in perpetuity and the Organization does not have the right to expend the original principal, the assets are reported as permanently restricted.

Fixed Asset Capitalization Policy

Currently, the Center does not have a written fixed asset capitalization policy. However, management has traditionally recorded all fixed asset purchases in which it was estimated that the life of the item was greater than one year on the balance sheet for an individual item (or group of similar items) of $500 or more.

Functional Allocation of Expenses

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

Prior Year Information

The financial statements include certain prior year summarized comparative totals as of and for the year ended June 30, 2015. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2015, from which the summarized information was derived.

DONATED SERVICES AND MATERIALS

Many individuals have donated time and services to advance the Center's program and objectives. The value of these services has not been recorded in the financial statements because it does not meet the definition for recognition under generally accepted accounting principles.

BUSINESS CONCENTRATIONS

The Center received approximately 72% of its revenue from Hennepin County, Minnesota for services provided for the year ended June 30, 2016.

OFFICE LEASE

The Center leases office space on a month-to-month basis. The office lease payments for space totaled $34,714 for the year ended June 30, 2016.

SOFTWARE LEASE

Starting in December 2012, the Center entered into an operating lease for a web-based electronic health record system, for a three year term ending December 15, 2015. The service agreement will automatically renew for an additional 36 month period of time in perpetuity under the same terms and conditions unless changes are mutually agreed to in writing and amended. The lease calls for a monthly access charge fee of $225.

The future minimum access fees for the year's ended June 30 are as follows:

• 2017	$ 2,700
• 2018	2,700
• 2019	1,350
Total	$ 6,650

CAPITAL LEASE OBLIGATION

In March 2014, the Center entered into a lease agreement for a copier. The copier was capitalized at $3,953 and will be depreciated over the estimated economic life of 5 years, using the straight line method, which is included in depreciation expense.

Aggregate future minimum lease payments under capital lease obligation as of June 30, 2016 are approximated as follows:

Year ending June 30,

• 2017	$ 1,008
• 2018	1,008
• 2019	840
Total future minimum lease payments	2,856
Less amount representing interest	(378)
Present value of future minimum payments	$ 2,478

Total interest expense under this capital lease for the year ended June 30, 2016 was $287.

LINE OF CREDIT

The Center has an unsecured line of credit for $27,000 with its bank. The annual interest rate is 6.00%. There was no balance due as of June 30, 2016.

CREDIT CARDS

The Center maintained two credit card accounts on which it can cumulatively borrow up to $45,000 as of June 30, 2016. Balances on these accounts accrue interest at variable rates of interest. Advances on these accounts are included in accounts payable on the Statement of Financial Position.

COMPENSATED ABSENCES

Employees of the Center are entitled to be paid for unused vacation days which accumulate based on job classification, length of service and other factors. Currently, vacation is accrued on a calendar year, which is different from the Center's fiscal year end. Unused vacation at the calendar year end (not the Center's fiscal year end) is forfeited unless specifically approved for carryover by management.

EMPLOYEE HEALTH AND DENTAL BENEFITS

The Center provides for medical and dental insurance for eligible full time employees. The Center pays 75% of the premium and the employee pays 25%.

SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements were available to be issued.

The Center has performed an evaluation of subsequent events through February 3, 2017, which is the date the financial statements were available to be issued.

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available to use after June 30, 2016, based on purpose or time restrictions. The following lists the restriction:

• NEST	$ 19,000

RETIREMENT PLAN

The Center offers a retirement plan with a 3% match of an employee's base salary of wage to a 401(k) plan. Employees become eligible to contribute after 90 days of continuous employment. All employees will be fully vested at 3 continuous years of employment.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported changes in net assets.