

DAVID G. FAW
CERTIFIED PUBLIC
ACCOUNTANT

SUPPORT CENTER FOR CHILD ADVOCATES

FINANCIAL STATEMENTS

June 30, 2011

SUPPORT CENTER FOR CHILD ADVOCATES
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(with comparative totals for the year ended June 30, 2010)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Support Center for Child Advocates
Philadelphia, Pennsylvania

I have audited the accompanying statement of financial position of Support Center for Child Advocates (a nonprofit organization) as of June 30, 2011 and the related statements of activities, cash flows and functional expenses 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. The prior-year summarized comparative information has been derived from the Organization's June 30, 2010 financial statements and, in my report dated November 4, 2010, I expressed an unqualified opinion on those financial statements.

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 Support Center for Child Advocates as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountant
October 18, 2011

SUPPORT CENTER FOR CHILD ADVOCATES
STATEMENT OF FINANCIAL POSITION
June 30, 2011
(with comparative totals as of June 30, 2010)

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash	\$ 1,278,207	\$ 1,103,103
Grant contracts receivable	72,994	162,519
Prepaid expenses	51,142	48,555
Employee loans payable	1,359	-
Unconditional promises to give	463,493	165,423
Investments	6,130	4,695
Refundable deposits	1,026	1,026
Financing fees, net of accumulated amortization of \$299 in 2011	8,680	-
Property and equipment, net of accumulated depreciation of \$633,110 in 2011 and \$569,231	<u>1,637,354</u>	<u>1,698,056</u>
Total assets	<u>\$ 3,520,385</u>	<u>\$ 3,183,377</u>
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 23,473	\$ 65,278
Mortgage payable	<u>548,768</u>	<u>491,653</u>
Total liabilities	<u>572,241</u>	<u>556,931</u>
<u>Net assets</u>		
Unrestricted - Operations	803,293	652,476
Unrestricted - Building fund	<u>1,052,720</u>	<u>1,160,779</u>
Total unrestricted net assets	1,856,013	1,813,255
Temporarily restricted	<u>1,092,131</u>	<u>813,191</u>
Total net assets	<u>2,948,144</u>	<u>2,626,446</u>
Total liabilities and net assets	<u>\$ 3,520,385</u>	<u>\$ 3,183,377</u>

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

SUPPORT CENTER FOR CHILD ADVOCATES
STATEMENT OF ACTIVITIES
For the year ended June 30, 2011
(with comparative totals for the year ended June 30, 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2011</u>	<u>Total 2010</u>
<u>Support and revenue</u>				
Bar Foundation / IOLTA	\$ 121,500	\$ -	\$ 121,500	\$ 112,100
Corporations / Law Firms	362,679	-	362,679	434,204
Foundations	270,633	545,000	815,633	487,660
Contributed services	5,063,496	-	5,063,496	4,876,578
Direct giving	431,061	127,330	558,391	524,518
Government	573,466	-	573,466	476,920
Interest and investment gain	5,844	-	5,844	7,984
Other	12,443	-	12,443	11,103
Net assets released from restrictions:				
Satisfaction of program or time restrictions	<u>393,390</u>	<u>(393,390)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>7,234,512</u>	<u>278,940</u>	<u>7,513,452</u>	<u>6,931,067</u>
<u>Expenses</u>				
Program	6,087,836	-	6,087,836	5,972,830
Management and general	434,014	-	434,014	449,725
Fundraising	<u>669,904</u>	<u>-</u>	<u>669,904</u>	<u>584,053</u>
Total expenses	<u>7,191,754</u>	<u>-</u>	<u>7,191,754</u>	<u>7,006,608</u>
Change in net assets - before cancellation of grant	42,758	278,940	321,698	(75,541)
Cancellation of grant	<u>-</u>	<u>-</u>	<u>-</u>	<u>(174,619)</u>
Change in net assets - after cancellation of grant	42,758	278,940	321,698	(250,160)
Net assets at beginning of year	<u>1,813,255</u>	<u>813,191</u>	<u>2,626,446</u>	<u>2,876,606</u>
Net assets at end of year	<u>\$ 1,856,013</u>	<u>\$ 1,092,131</u>	<u>\$ 2,948,144</u>	<u>\$ 2,626,446</u>

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

SUPPORT CENTER FOR CHILD ADVOCATES
STATEMENT OF CASH FLOWS
For the year ended June 30, 2011
(with comparative totals for the year ended June 30, 2010)

	<u>2011</u>	<u>2010</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 321,698	\$ (250,160)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	64,168	61,088
Gain on investments	(1,435)	(887)
<u>Changes in assets and liabilities:</u>		
Grant contracts receivable	-	11,701
Unconditional Promises to give	(208,545)	223,075
Prepaid expenses	(2,588)	(6,081)
Due from employee	(1,359)	9,870
Accounts payable and accrued expenses	<u>(41,805)</u>	<u>(22,289)</u>
Net cash provided by operating activities	<u>130,134</u>	<u>26,317</u>
<u>Cash flows from investing activities</u>		
Purchase of equipment	<u>(3,166)</u>	<u>(33,112)</u>
Net cash used in investing activities	<u>(3,166)</u>	<u>(33,112)</u>
<u>Cash flows from financing activities</u>		
Mortgage proceeds	87,653	-
Financing fees	(8,979)	-
Principal payments on mortgage	<u>(30,538)</u>	<u>(33,068)</u>
Net cash provided by (used in) financing activities	<u>48,136</u>	<u>(33,068)</u>
Net increase (decrease) in cash	175,104	(39,863)
Cash at beginning of year	<u>1,103,103</u>	<u>1,142,966</u>
Cash at end of year	<u>\$ 1,278,207</u>	<u>\$ 1,103,103</u>
<u>Supplemental Disclosures of cash flow information:</u>		
Interest paid	<u>\$ 29,032</u>	<u>\$ 34,114</u>

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

SUPPORT CENTER FOR CHILD ADVOCATES
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2011
(with comparative totals for the year ended June 30, 2010)

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total 2011</u>	<u>Total 2010</u>
Personnel	\$ 862,355	\$ 286,675	\$ 181,826	\$1,330,856	\$1,356,737
Payroll taxes	75,179	24,992	15,851	116,022	108,201
Health insurance and other benefits	85,122	28,297	17,948	131,367	132,360
Retirement plan	34,122	11,343	7,194	52,659	53,565
Total personnel and related expenses	1,056,778	351,307	222,819	1,630,904	1,650,863
Auditing	-	10,000	-	10,000	10,000
Contributed services	4,817,388	5,000	241,108	5,063,496	4,876,578
Depreciation	41,579	13,822	8,767	64,168	61,088
Direct fundraising expense	-	-	121,534	121,534	131,562
Equipment rental and maintenance	19,842	6,596	4,183	30,621	30,803
Grant subcontract	10,000	-	-	10,000	11,782
Insurance	11,372	3,780	2,398	17,550	18,554
Interest expense	18,812	6,254	3,966	29,032	34,114
Miscellaneous	2,172	722	457	3,351	380
Occupancy	39,057	12,984	8,235	60,276	52,684
Office expense	18,733	6,228	3,953	28,914	28,603
Postage	3,886	1,292	15,130	20,308	15,261
Printing	3,710	1,233	27,968	32,911	32,466
Staff development	12,405	4,124	2,615	19,144	8,310
Staff travel	15,602	5,187	3,290	24,079	20,013
Subscriptions and dues	4,666	1,551	985	7,202	5,684
Telephone	10,343	3,438	2,182	15,963	15,755
Trash removal	1,491	496	314	2,301	2,108
Total expenses	<u>\$6,087,836</u>	<u>\$ 434,014</u>	<u>\$ 669,904</u>	<u>\$7,191,754</u>	<u>\$7,006,608</u>

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

SUPPORT CENTER FOR CHILD ADVOCATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1 - General

The Support Center For Child Advocates ("Child Advocates"), founded in 1977, is a nonprofit agency providing legal and social work services to abused and neglected children in Philadelphia. Child Advocates teams staff social workers and attorneys with volunteers from the Philadelphia legal community in a multi-disciplinary model for child advocacy. Child Advocates also engages in community education to increase public awareness of the problem of child abuse. Its mission is to advocate for victims of child abuse and neglect in Philadelphia with the goal of securing a permanent, nurturing environment for every child. Child Advocates is funded by a variety of grants and contributions, both private and public.

Note 2 - Summary of Significant Accounting Policies

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions, including portions of grants intended as multi-year funding for special projects, are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction or the time period of all or a portion of the multi-year grant expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization has no permanently restricted net assets.

Grant Contracts Receivable / Unconditional Promises to Give

All grants and contributions, including unconditional pledges, are reported as revenue in the net asset class (unrestricted, temporarily restricted or permanently restricted) appropriate to any donor restrictions on the gift at the time of receipt. Allowances for uncollectible amounts are recorded based on management's estimate of realizability of the underlying pledges. All grants and contributions receivable are expected to be fully realizable.

Contributed Services

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. (see note 7)

Property and Equipment

Building and related improvements are depreciated using the straight-line method over a period of 39 years. Depreciation on office equipment is recorded using the straight-line method over the estimated useful lives of assets. Child Advocates follows the practice of capitalizing, at cost, all expenditures for equipment in excess of \$1,000.

SUPPORT CENTER FOR CHILD ADVOCATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing Child Advocates' various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged directly to program, management and general, and fundraising categories based on specific identification. Indirect expenses have been allocated based on salary expenditures.

Statement of Cash Flows

Child Advocates utilizes the indirect method for reporting the increase or decrease in cash and equivalents. Cash equivalents, when applicable, include short term, highly liquid investments with original maturities of less than three months.

Financial Instruments

The following methods and assumptions were used by Child Advocates in estimating its fair value disclosures for financial instruments:

Cash, grant contracts and other receivables, payables and accruals: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Income Taxes

The Organization is a not-for-profit corporation and has been recognized as exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code (IRC) and accordingly does not record a provision for income taxes on its related earnings. The Organization regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax exempt status, unrelated business income, and related matters. It believes that in the event of an examination by taxing authorities, its positions would prevail based upon the technical merits of such positions. Therefore, the Organization has concluded that no tax benefits or liabilities are required to be recognized.

Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Unrestricted Net Assets – Building Fund

Due to the significant balance and illiquid nature of the building fund component of unrestricted net assets, Child Advocates has presented the net book value of the land and building, less the mortgage debt, of 1900 Cherry Street as a separate item in the statement of financial position.

SUPPORT CENTER FOR CHILD ADVOCATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 3 - Concentration of Credit Risk

Child Advocates maintains cash accounts, which, at times, may exceed federally insured limits. As of June 30, 2011, cash balances in excess of insured limits were \$476,648. Management believes that it is not exposed to any significant credit risk on its cash accounts.

Note 4 - Property and Equipment

Property and equipment as of June 30, 2011 is as follows:

Land and Building (1900 Cherry Street)	\$ 2,054,817
Equipment	<u>215,637</u>
Total	2,270,454
Less Accumulated Depreciation	<u>(633,100)</u>
Property and Equipment, net	<u>\$ 1,637,354</u>

Note 5 - Investments

Investment assets consist of securities traded on the national stock exchanges. Securities are stated at market value in the statement of financial position in the amount of \$6,130 as of June 30, 2011.

Note 6 - Pension

Child Advocates has established a 403b retirement plan for the benefit of its employees who meet certain age and service requirements. Pension expense was \$52,659 in 2011.

Note 7 - Donated Services

Child Advocates has recognized the following contributed services and other in-kind items as of June 30, 2010:

<u>Contributor</u>	<u>Nature of Contribution</u>	<u>Fair Value</u>
Attorneys and Paralegals	Legal services	\$ 4,773,888
Various	Advertising	65,340
Various	Graphic arts services	20,888
Various	Toys, videotapes, certificates	43,500
Various	Furniture & equipment	5,000
Various	Supplies for fund-raiser	151,730
Reliable Copy Service	Printing	<u>3,150</u>
		<u>\$ 5,063,496</u>

The amount of contributed services recognized as income equals the amount expensed. Therefore, there is no resultant effect on the change in net assets.

SUPPORT CENTER FOR CHILD ADVOCATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 8 - Unconditional Promises to Give

Unconditional promises to give as of June 30, 2011 are as follows:

Receivable in less than one year	\$ 386,774
Receivable in one to five years	<u>88,548</u>
Total unconditional promises to give	475,322
Less: discount to net present value at 6.5%	<u>(11,829)</u>
Net unconditional promises to give	<u>\$ 463,493</u>

All unconditional promises to give are expected to be fully realizable.

Note 9 - Temporarily Restricted Net Assets (TRNA)

Funds classified as temporarily restricted net assets consist of the following as of June 30, 2011:

	TRNA Balance <u>6/30/2010</u>	Current Grants and Contributions	Released From Restrictions	TRNA Balance <u>6/30/2011</u>
Capital Fund	\$ 368,499	\$ 2,008	\$	\$ 370,507
Pew Charitable Trusts - (Behavioral Health)	225,000	-	(75,000)	150,000
William Penn Foundation - (Leadership Program)	135,580	300,000	(135,580)	300,000
Peter L. Buttonwieser - (Time Restricted)	20,000	-	-	20,000
Patricia Kind Foundation - (Time Restricted)	20,000	-	(20,000)	-
Other - (Time Restricted)	44,112	-	(42,810)	1,302
United Way - (Time Restricted)	-	125,322	-	125,322
First Hospital Foundation - (Time Restricted)	-	80,000	(40,000)	40,000
Horace Goldsmith Foundation - (Child Victim Assistance Project)	-	150,000	(75,000)	75,000
Clayman Family Foundation - (Time Restricted)	<u>-</u>	<u>15,000</u>	<u>(5,000)</u>	<u>10,000</u>
	<u>\$ 813,191</u>	<u>\$ 672,330</u>	<u>\$ (393,390)</u>	<u>\$1,092,131</u>

The above amounts are restricted by the donor for use in future periods or programs.

Note 10 - Mortgage Payable

Original \$550,000 payable to Firsttrust Bank collateralized by 1900 Cherry Street. Interest is payable monthly at a rate of 4.5%. Principal payments are due based on fifteen year amortization with a balloon payment due in 2016 in the amount of \$457,342.

\$ 548,768

SUPPORT CENTER FOR CHILD ADVOCATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 10 - Mortgage Payable (continued)

Principal payments on the mortgage payable for the next five years are as follows:

Year ending June 30, 2012	\$ 17,257
2013	18,130
2014	18,975
2015	19,859
2016	<u>474,547</u>
	<u>\$ 548,768</u>

Note 11 - Prior Year Information

Certain financial statements contained herein include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Note 12 - Cancellation of Grant

In September, 2007, the Stoneleigh Center awarded Child Advocates a three-year grant of \$282,696 to support the Fellowship on Child Well-Being; the grant was fully recognized as income for the year ended June 30, 2008. Following the completion of year one and with the approval of the grantor, the Fellow left the agency on extended maternity leave and ultimately decided to terminate the Fellowship and her employment at Child Advocates. During the term of the Fellow's employment, \$109,197 was paid to Child Advocates which incurred expenses of \$108,077 resulting in a difference of \$1,120 which was reimbursed to the Stoneleigh Center. The remaining grant amount of \$174,619 has been recognized as a cancellation of grant on the Statement of Activities for the year ended June 30, 2010.

Note 13 - Evaluation of Subsequent Events

The Organization has evaluated subsequent events through October 18, 2011, the date which the financial statements were available to be issued. No items were noted which require disclosure in the financial statements.