

DAVID G. FAW
CERTIFIED PUBLIC
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SUPPORT CENTER FOR CHILD ADVOCATES

FINANCIAL STATEMENTS

June 30, 2012

SUPPORT CENTER FOR CHILD ADVOCATES
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(with comparative totals for the year ended June 30, 2011)

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DAVID G. FAW
CERTIFIED PUBLIC
ACCOUNTANT

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, 2012 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, 2011 financial statements and, in my report dated October 18, 2011, 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, 2012, 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 15, 2012

SUPPORT CENTER FOR CHILD ADVOCATES
STATEMENT OF FINANCIAL POSITION
June 30, 2012
(with comparative totals as of June 30, 2011)

| | 2012 | 2011 |
|-------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <u>Assets</u> | | |
| Cash and equivalents | \$ 1,220,036 | \$ 1,278,207 |
| Grant contracts receivable | 135,121 | 72,994 |
| Prepaid expenses | 49,401 | 51,142 |
| Employee loans payable | 1,136 | 1,359 |
| Unconditional promises to give | 112,303 | 463,493 |
| Investments | 6,699 | 6,130 |
| Refundable deposits | 1,902 | 1,026 |
| Financing fees, net of accumulated amortization of \$2,095 in 2012 and \$299 in 2011 | 6,884 | 8,680 |
| Property and equipment, net of accumulated depreciation of \$703,842 in 2012 and \$633,110 in 2011 | 1,639,323 | 1,637,354 |
| Total assets | \$ 3,172,805 | \$ 3,520,385 |
| <u>Liabilities</u> | | |
| Accounts payable | \$ 20,539 | \$ 7,435 |
| Accrued expenses | 21,132 | 16,038 |
| Mortgage payable | 531,510 | 548,768 |
| Total liabilities | 573,181 | 572,241 |
| <u>Net assets</u> | | |
| Unrestricted - Operations | 810,364 | 803,293 |
| Unrestricted - Building fund | 1,047,916 | 1,052,720 |
| Total unrestricted net assets | 1,858,280 | 1,856,013 |
| Temporarily restricted | 741,344 | 1,092,131 |
| Total net assets | 2,599,624 | 2,948,144 |
| Total liabilities and net assets | \$ 3,172,805 | \$ 3,520,385 |

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, 2012
(with comparative totals for the year ended June 30, 2011)

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total 2012</u> | <u>Total 2011</u> |
|----------------------------------------------|---------------------|-----------------------------------|-----------------------|-----------------------|
| <u>Support and revenue</u> | | | | |
| Bar Foundation / IOLTA | \$ 108,200 | \$ - | \$ 108,200 | \$ 121,500 |
| Corporations / Law Firms | 471,646 | - | 471,646 | 362,679 |
| Foundations | 277,034 | 45,000 | 322,034 | 815,633 |
| Contributed services | 4,697,641 | - | 4,697,641 | 5,063,496 |
| Direct giving | 594,950 | 7,289 | 602,239 | 558,391 |
| Government | 474,034 | - | 474,034 | 573,466 |
| Interest and investment gain | 2,827 | - | 2,827 | 5,844 |
| Other | 18,323 | - | 18,323 | 12,443 |
| Net assets released from restrictions: | | | | |
| Satisfaction of program or time restrictions | 403,076 | (403,076) | - | - |
| Total support and revenue | <u>7,047,731</u> | <u>(350,787)</u> | <u>6,696,944</u> | <u>7,513,452</u> |
| <u>Expenses</u> | | | | |
| Program | 5,924,920 | - | 5,924,920 | 6,087,836 |
| Management and general | 452,631 | - | 452,631 | 434,014 |
| Fundraising | 667,913 | - | 667,913 | 669,904 |
| Total expenses | <u>7,045,464</u> | <u>-</u> | <u>7,045,464</u> | <u>7,191,754</u> |
| Change in net assets | 2,267 | (350,787) | (348,520) | 321,698 |
| Net assets at beginning of year | <u>1,856,013</u> | <u>1,092,131</u> | <u>2,948,144</u> | <u>2,626,446</u> |
| Net assets at end of year | <u>\$ 1,858,280</u> | <u>\$ 741,344</u> | <u>\$ 2,599,624</u> | <u>\$ 2,948,144</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, 2012
(with comparative totals for the year ended June 30, 2011)

| | 2012 | 2011 |
|---------------------------------------------------------------------------------------------|---------------------|---------------------|
| <u>Cash flows from operating activities</u> | | |
| Change in net assets | \$ (348,520) | \$ 321,698 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 72,538 | 64,168 |
| Gain on investments | (569) | (1,435) |
| <u>Changes in assets and liabilities:</u> | | |
| Grant contracts receivable | (62,127) | - |
| Unconditional Promises to give | 351,190 | (208,545) |
| Prepaid expenses | 1,740 | (2,588) |
| Due from employee | 222 | (1,359) |
| Accounts payable | 13,104 | 2,503 |
| Accrued expenses | 4,219 | (44,308) |
| Net cash provided by operating activities | <u>31,797</u> | <u>130,134</u> |
| <u>Cash flows from investing activities</u> | | |
| Purchase of equipment | (43,356) | (3,166) |
| Building improvements | (29,354) | - |
| Net cash used in investing activities | <u>(72,710)</u> | <u>(3,166)</u> |
| <u>Cash flows from financing activities</u> | | |
| Mortgage proceeds | - | 87,653 |
| Financing fees | - | (8,979) |
| Principal payments on mortgage | (17,258) | (30,538) |
| Net cash (used in) provided by financing activities | <u>(17,258)</u> | <u>48,136</u> |
| Net (decrease) increase in cash | (58,171) | 175,104 |
| Cash and equivalents at beginning of year | <u>1,278,207</u> | <u>1,103,103</u> |
| Cash and equivalents at end of year | <u>\$ 1,220,036</u> | <u>\$ 1,278,207</u> |
| <u>Supplemental Disclosures of cash flow information:</u> | | |
| Interest paid | <u>\$ 24,748</u> | <u>\$ 29,032</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, 2012
(with comparative totals for the year ended June 30, 2011)

| | <u>Program</u> | <u>Management and General</u> | <u>Fund Raising</u> | <u>Total 2012</u> | <u>Total 2011</u> |
|--------------------------------------|---------------------|-----------------------------------|-------------------------|-----------------------|-----------------------|
| Personnel | \$ 915,974 | \$ 293,373 | \$ 201,061 | \$ 1,410,408 | \$ 1,330,856 |
| Payroll taxes | 78,134 | 25,025 | 17,151 | 120,310 | 116,022 |
| Health insurance and other benefits | 105,441 | 33,771 | 23,146 | 162,358 | 131,367 |
| Retirement plan | 35,665 | 11,423 | 7,828 | 54,916 | 52,659 |
| Total personnel and related expenses | 1,135,214 | 363,592 | 249,186 | 1,747,992 | 1,630,904 |
| Auditing | - | 10,500 | - | 10,500 | 10,000 |
| Contributed services | 4,544,492 | - | 153,149 | 4,697,641 | 5,063,496 |
| Depreciation | 47,109 | 15,088 | 10,341 | 72,538 | 64,168 |
| Equipment rental and maintenance | 20,886 | 6,690 | 4,584 | 32,160 | 30,621 |
| Grant subcontract | - | - | - | - | 10,000 |
| Insurance | 11,411 | 3,655 | 2,505 | 17,571 | 17,550 |
| Interest expense | 16,072 | 5,148 | 3,528 | 24,748 | 29,032 |
| Miscellaneous | 1,391 | 446 | 305 | 2,142 | 3,351 |
| Occupancy | 44,418 | 14,226 | 9,750 | 68,394 | 60,276 |
| Office expense | 42,950 | 13,756 | 9,428 | 66,134 | 28,914 |
| Postage | 5,024 | 1,609 | 12,165 | 18,798 | 20,308 |
| Printing | 9,177 | 2,939 | 49,332 | 61,448 | 32,911 |
| Special event expense | - | - | 153,371 | 153,371 | 121,534 |
| Staff development | 13,921 | 4,459 | 3,055 | 21,435 | 19,144 |
| Staff travel | 16,742 | 5,362 | 3,675 | 25,779 | 24,079 |
| Subscriptions and dues | 4,121 | 1,320 | 905 | 6,346 | 7,202 |
| Telephone | 10,217 | 3,272 | 2,244 | 15,733 | 15,963 |
| Trash removal | 1,775 | 569 | 390 | 2,734 | 2,301 |
| Total expenses | <u>\$ 5,924,920</u> | <u>\$ 452,631</u> | <u>\$ 667,913</u> | <u>\$ 7,045,464</u> | <u>\$ 7,191,754</u> |

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

SUPPORT CENTER FOR CHILD ADVOCATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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 promises, 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. The Organization uses the allowance method to determine uncollectible grants and contributions receivable. The allowance is based on prior years’ experience and management’s analysis of specific amounts due. All grants and contributions receivable are due within approximately one year and 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, 2012

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 carrying amount of cash, cash equivalents, grant contracts receivable, prepaid expenses, accounts payable and accrued expenses approximate fair value due to their short-term nature.

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 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.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2011, 2010 and 2009 are subject to examination by the IRS, generally for three years after they were filed.

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, 2012

Note 3 - Concentration of Credit Risk

Child Advocates maintains temporary cash investments with Morgan Stanley Smith Barney which are not insured by the Federal Deposit Insurance Corporation. Uninsured risk at June 30, 2012 was \$55,259. The Organization maintains cash accounts, which, at times, may exceed federally insured limits. As of June 30, 2012, cash balances in excess of insured limits were \$323,506. 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, 2012 is as follows:

| | |
|----------------------------------------|---------------------|
| Land and Building (1900 Cherry Street) | \$ 2,084,172 |
| Equipment | 258,993 |
| Total | <u>2,343,165</u> |
| Less Accumulated Depreciation | (703,842) |
| Property and Equipment, net | <u>\$ 1,639,323</u> |

Note 5 - Fair Value Measurements

The table below presents the balances of assets measured at fair value on a recurring basis as of June 30, 2012.

| | <u>Fair Value Measurements at June 30, 2012 Using</u> | | | |
|----------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------|
| | Assets Measured at Fair Value <u>June 30, 2012</u> | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant other Observable Inputs (Level 2) | Significant Other Unobservable Inputs (Level 3) |
| Assets: | | | | |
| Equities | \$ 6,699 | \$ 6,699 | \$ - | \$ - |
| Total assets measured at fair value | <u>\$ 6,699</u> | <u>\$ 6,699</u> | <u>\$ -</u> | <u>\$ -</u> |

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 \$54,916 in 2012.

SUPPORT CENTER FOR CHILD ADVOCATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 7 - Donated Services

Child Advocates has recognized the following contributed services and other in-kind items as of June 30, 2012:

| <u>Contributor</u> | <u>Nature of Contribution</u> | <u>Fair Value</u> |
|--------------------------|--------------------------------|---------------------|
| Attorneys and Paralegals | Legal services | \$ 4,503,492 |
| Various | Advertising | 65,340 |
| Various | Graphic arts services | 48,924 |
| Various | Toys, videotapes, certificates | 36,000 |
| Various | Furniture & equipment | 5,000 |
| Various | Supplies for fund-raiser | 34,134 |
| Reliable Copy Service | Printing | 4,751 |
| | | <u>\$ 4,697,641</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.

Note 8 - Unconditional Promises to Give

Unconditional promises to give as of June 30, 2012 are as follows:

| | |
|---------------------------------------------|-------------------|
| Receivable in less than one year | \$ 61,774 |
| Receivable in one to five years | <u>56,774</u> |
| Total unconditional promises to give | 118,548 |
| Less: discount to net present value at 6.5% | <u>(6,245)</u> |
| Net unconditional promises to give | <u>\$ 112,303</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, 2012:

| | TRNA Balance <u>6/30/2011</u> | Current Grants and <u>Contributions</u> | Released From <u>Restrictions</u> | TRNA Balance <u>6/30/2012</u> |
|-----------------------------------------------------------------|-------------------------------------|-----------------------------------------------|-----------------------------------------|-------------------------------------|
| Capital Fund | \$ 370,507 | \$ 913 | \$ - | \$ 371,420 |
| Pew Charitable Trusts - (Behavioral Health) | 150,000 | - | (75,000) | 75,000 |
| William Penn Foundation - (Leadership Program) | 300,000 | - | (150,000) | 150,000 |
| Peter L. Buttonwieser - (Time Restricted) | 20,000 | - | - | 20,000 |
| Other - (Time Restricted) | 1,302 | 6,376 | (1,302) | 6,376 |
| United Way - (Time Restricted) | 125,322 | - | (41,774) | 83,548 |
| First Hospital Foundation - (Time Restricted) | 40,000 | - | (40,000) | - |
| Horace Goldsmith Foundation - (Child Victim Assistance Project) | 75,000 | - | (75,000) | - |
| Clayman Family Foundation - (Time Restricted) | 10,000 | - | (5,000) | 5,000 |
| Independence Foundation - (Time Restricted) | - | 45,000 | (15,000) | 30,000 |
| | <u>\$1,092,131</u> | <u>\$ 52,289</u> | <u>\$ (403,076)</u> | <u>\$ 741,344</u> |

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

SUPPORT CENTER FOR CHILD ADVOCATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 10 - Mortgage Payable

Original \$550,000 payable to Firstrust 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.

\$ 531,510

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

| | |
|---------------------------|-------------------|
| Year ending June 30, 2013 | \$ 18,130 |
| 2014 | 18,975 |
| 2015 | 19,859 |
| 2016 | <u>474,546</u> |
| | <u>\$ 531,510</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, 2011, from which the summarized information was derived.

Note 12 - Evaluation of Subsequent Events

The Organization has evaluated subsequent events through October 15, 2012, the date which the financial statements were available to be issued. No items were noted which require disclosure in the financial statements.