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CERTIFIED PUBLIC
ACCOUNTANT

SUPPORT CENTER FOR CHILD ADVOCATES

FINANCIAL STATEMENTS

June 30, 2013

SUPPORT CENTER FOR CHILD ADVOCATES
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(with comparative totals for the year ended June 30, 2012)

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of Support Center for Child Advocates (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, cash flows and functional expenses 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

My responsibility is to express an opinion on these financial statements based on my audit. 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 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, I 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.

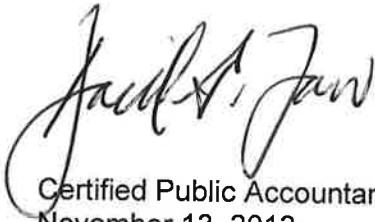
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2013, 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

I have previously audited Support Center for Child Advocates 2012 financial statements, and my report dated October 15, 2012, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script, appearing to read "Jacob A. Jan".

Certified Public Accountant
November 13, 2013

SUPPORT CENTER FOR CHILD ADVOCATES
STATEMENT OF FINANCIAL POSITION
June 30, 2013
(with comparative totals as of June 30, 2012)

	2013	2012
<u>Assets</u>		
Cash and equivalents	\$ 1,242,648	\$ 1,220,036
Grant contracts receivable	186,626	135,121
Prepaid expenses	36,362	49,401
Employee loans payable	55	1,136
Unconditional promises to give	303,404	112,303
Investments	8,103	6,699
Refundable deposits	1,902	1,902
Financing fees, net of accumulated amortization of \$3,891 in 2013 and \$2,095 in 2012	5,088	6,884
Property and equipment, net of accumulated depreciation of \$775,987 in 2013 and \$703,842 in 2012	1,575,102	1,639,323
Total assets	\$ 3,359,290	\$ 3,172,805
<u>Liabilities</u>		
Accounts payable	\$ 63,581	\$ 20,539
Accrued expenses	28,054	21,132
Mortgage payable	513,380	531,510
Total liabilities	605,015	573,181
<u>Net assets</u>		
Unrestricted - Operations	784,020	810,364
Unrestricted - Building fund	1,022,274	1,047,916
Total unrestricted net assets	1,806,294	1,858,280
Temporarily restricted	947,981	741,344
Total net assets	2,754,275	2,599,624
Total liabilities and net assets	\$ 3,359,290	\$ 3,172,805

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, 2013
(with comparative totals for the year ended June 30, 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2013</u>	<u>Total 2012</u>
<u>Support and revenue</u>				
Foundations and corporations	\$ 385,459	\$ 632,918	\$ 1,018,377	\$ 483,870
Contributed services	4,983,768	-	4,983,768	4,697,641
Event	766,593	-	766,593	708,969
Less: cost of direct donor benefits	(162,884)	-	(162,884)	(153,371)
Annual fund	338,509	-	338,509	311,280
Government	470,351	-	470,351	474,034
Interest and investment gain	1,659	308	1,967	2,827
Other	10,282	-	10,282	18,323
Net assets released from restrictions:				
Satisfaction of program or time restrictions	426,589	(426,589)	-	-
Total support and revenue	<u>7,220,326</u>	<u>206,637</u>	<u>7,426,963</u>	<u>6,543,573</u>
<u>Expenses</u>				
Program	6,355,745	-	6,355,745	5,924,920
Management and general	388,837	-	388,837	452,631
Fundraising	527,730	-	527,730	514,542
Total expenses	<u>7,272,312</u>	<u>-</u>	<u>7,272,312</u>	<u>6,892,093</u>
Change in net assets	(51,986)	206,637	154,651	(348,520)
Net assets at beginning of year	<u>1,858,280</u>	<u>741,344</u>	<u>2,599,624</u>	<u>2,948,144</u>
Net assets at end of year	<u>\$ 1,806,294</u>	<u>\$ 947,981</u>	<u>\$ 2,754,275</u>	<u>\$ 2,599,624</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, 2013
(with comparative totals for the year ended June 30, 2012)

	2013	2012
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 154,651	\$ (348,520)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	73,941	72,538
Gain on investments	(1,404)	(569)
<u>Changes in assets and liabilities:</u>		
Grant contracts receivable	(51,505)	(62,127)
Unconditional Promises to give	(191,101)	351,190
Prepaid expenses	13,039	1,740
Due from employee	1,081	222
Accounts payable	43,042	13,104
Accrued expenses	6,922	4,219
Net cash provided by operating activities	48,666	31,797
<u>Cash flows from investing activities</u>		
Purchase of equipment	-	(43,356)
Building improvements	(7,924)	(29,354)
Net cash used in investing activities	(7,924)	(72,710)
<u>Cash flows from financing activities</u>		
Principal payments on mortgage	(18,130)	(17,258)
Net cash used in financing activities	(18,130)	(17,258)
Net increase (decrease) in cash	22,612	(58,171)
Cash and equivalents at beginning of year	1,220,036	1,278,207
Cash and equivalents at end of year	\$ 1,242,648	\$ 1,220,036
<u>Supplemental Disclosures of cash flow information:</u>		
Interest paid	\$ 23,876	\$ 24,748

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, 2013
(with comparative totals for the year ended June 30, 2012)

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total 2013</u>	<u>Total 2012</u>
Personnel	\$ 993,445	\$ 247,779	\$ 212,120	\$ 1,453,344	\$ 1,410,408
Payroll taxes	87,399	21,799	18,661	127,859	120,310
Health insurance and other benefits	133,724	33,352	28,553	195,629	162,358
Retirement plan	<u>39,256</u>	<u>9,791</u>	<u>8,382</u>	<u>57,429</u>	<u>54,916</u>
Total personnel and related expenses	1,253,824	312,721	267,716	1,834,261	1,747,992
Auditing	-	11,000	-	11,000	10,500
Contributed services	4,823,908	-	159,860	4,983,768	4,697,641
Depreciation	50,543	12,606	10,792	73,941	72,538
Equipment rental and maintenance	20,755	5,177	4,431	30,363	32,160
Grant subcontract	16,942	-	-	16,942	-
Insurance	12,487	3,114	2,667	18,268	17,571
Interest expense	16,320	4,071	3,485	23,876	24,748
Miscellaneous	5,259	1,312	1,123	7,694	2,142
Occupancy	36,377	9,073	7,768	53,218	68,394
Office expense	63,447	15,825	13,547	92,819	66,134
Postage	4,332	1,080	12,632	18,044	18,798
Printing	4,570	1,140	33,679	39,389	61,448
Staff development	12,073	3,011	2,578	17,662	21,435
Staff travel	17,710	4,417	3,781	25,908	25,779
Subscriptions and dues	4,884	1,218	1,042	7,144	6,346
Telephone	10,123	2,525	2,161	14,809	15,733
Trash removal	<u>2,191</u>	<u>547</u>	<u>468</u>	<u>3,206</u>	<u>2,734</u>
Total expenses	<u>\$ 6,355,745</u>	<u>\$ 388,837</u>	<u>\$ 527,730</u>	<u>\$ 7,272,312</u>	<u>\$ 6,892,093</u>

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

SUPPORT CENTER FOR CHILD ADVOCATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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. (see note 7)

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 8)

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, 2013

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, unconditional promises to give, prepaid expenses, payables and accruals 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, 2013, 2012 and 2011 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, 2013

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, 2013 was \$75,523. The Organization maintains cash accounts, which, at times, may exceed federally insured limits. As of June 30, 2013, cash balances in excess of insured limits were \$332,997. 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, 2013 is as follows:

Land and Building (1900 Cherry Street)	\$ 2,092,096
Equipment	<u>258,993</u>
Total	2,351,089
Less Accumulated Depreciation	<u>(775,987)</u>
Property and Equipment, net	<u>\$ 1,575,102</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, 2013.

Fair Value Measurements at June 30, 2013 Using

	Assets Measured at Fair Value June 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Equities	\$ <u>8,103</u>	\$ <u>8,103</u>	\$ -	\$ -
Total assets measured at fair value	\$ <u>8,103</u>	\$ <u>8,103</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 \$57,429 in 2013.

Note 7 - Unconditional Promises to Give

Unconditional promises to give as of June 30, 2013 are as follows:

Receivable in less than one year	\$ 221,774
Receivable in one to five years	<u>90,000</u>
Total unconditional promises to give	311,774
Less: discount to net present value at 5%	<u>(8,370)</u>
Net unconditional promises to give	<u>\$ 303,404</u>

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

**SUPPORT CENTER FOR CHILD ADVOCATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

Note 8 - Donated Services

Child Advocates has recognized the following contributed services and other in-kind items as of June 30, 2013:

<u>Contributor</u>	<u>Nature of Contribution</u>	<u>Fair Value</u>
Attorneys and Paralegals	Legal services	\$ 4,773,888
Technical Services	IT services	5,040
Various	Advertising	65,340
Various	Graphic arts services	50,000
Various	Toys, videotapes, certificates	39,600
Various	Furniture & equipment	5,380
Various	Supplies for fund-raiser	39,395
Reliable Copy Service	Printing	5,125
		<u>\$ 4,983,768</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 9 - Temporarily Restricted Net Assets (TRNA)

Funds classified as temporarily restricted net assets consist of the following as of June 30, 2013:

	<u>TRNA Balance 6/30/2012</u>	<u>Current Grants and Contributions</u>	<u>Released From Restrictions</u>	<u>TRNA Balance 6/30/2013</u>
Capital Fund	\$ 371,420	\$ 308	\$ -	\$ 371,728
Pew Charitable Trusts (Behavioral Health)	75,000	225,000	(75,000)	225,000
William Penn Foundation (Leadership Program)	150,000	-	(150,000)	-
Peter L. Buttonwieser (Time Restricted)	20,000	-	-	20,000
Other (Time Restricted)	6,376	-	(6,376)	-
United Way (Time Restricted)	83,548	-	(41,774)	41,774
Clayman Family Foundation (Time Restricted)	5,000	-	(5,000)	-
Independence Foundation (Time Restricted)	30,000	-	(15,000)	15,000
William Penn Foundation (Time Restricted)	-	150,000	-	150,000
Horace Goldsmith Foundation (Time Restricted)	-	150,000	(75,000)	75,000
AAMLF (Kinship Care Program)	-	5,000	-	5,000
Penn Law (Public Interest Fellowship Program)	-	57,918	(43,439)	14,479
Patricia Kind Foundation (Victim Assistance)	-	45,000	(15,000)	30,000
	<u>\$ 741,344</u>	<u>\$ 633,226</u>	<u>\$ (426,589)</u>	<u>\$ 947,981</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, 2013

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.

\$ 513,380

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

Year ending June 30, 2014	\$ 18,975
2015	19,859
2016	<u>474,546</u>
	<u>\$ 513,380</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, 2012, from which the summarized information was derived.

Note 12 - Reclassifications

Certain amounts for 2012 have been reclassified to conform with the 2013 presentations.

Note 13 - Evaluation of Subsequent Events

The Organization has evaluated subsequent events through November 13, 2013, the date which the financial statements were available to be issued. No items were noted which require disclosure in the financial statements.