

DAVID G. FAW
CERTIFIED PUBLIC
ACCOUNTANT

SUPPORT CENTER FOR CHILD ADVOCATES

FINANCIAL STATEMENTS

June 30, 2014

SUPPORT CENTER FOR CHILD ADVOCATES
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(with comparative totals for the year ended June 30, 2013)

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DAVID G. FAW
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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, 2014, 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.

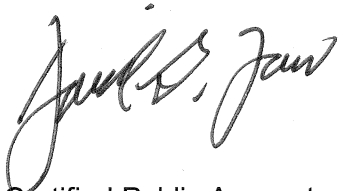
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2014, 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 2013 financial statements, and my report dated November 13, 2013, 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, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "Jack S. Jan". The signature is written in a cursive, flowing style.

Certified Public Accountant
Wayne, Pennsylvania

November 12, 2014

SUPPORT CENTER FOR CHILD ADVOCATES
STATEMENT OF FINANCIAL POSITION
June 30, 2014
(with comparative totals as of June 30, 2013)

	2014	2013
<u>Assets</u>		
Cash and equivalents	\$ 1,046,574	\$ 1,242,648
Grant contracts receivable	247,016	186,626
Prepaid expenses	60,251	36,362
Unconditional promises to give	112,884	303,404
Investments	7,884	8,103
Refundable deposits	1,902	1,902
Financing fees, net of accumulated amortization of \$3,891 in 2014 and \$2,095 in 2013	3,292	5,088
Property and equipment, net (Note 4)	1,532,144	1,575,102
Total assets	\$ 3,011,947	\$ 3,359,235
 <u>Liabilities</u>		
Accounts payable	\$ 43,094	\$ 63,581
Accrued expenses	26,668	27,999
Mortgage payable (Note 10)	416,818	513,380
Total liabilities	486,580	604,960
 <u>Net assets</u>		
Unrestricted - Operations	879,185	784,020
Unrestricted - Building fund (Note 2)	1,075,711	1,022,274
Total unrestricted net assets	1,954,896	1,806,294
Temporarily restricted (Note 9)	570,471	947,981
Total net assets	2,525,367	2,754,275
Total liabilities and net assets	\$ 3,011,947	\$ 3,359,235

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, 2014
(with comparative totals for the year ended June 30, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
<u>Support and revenue</u>				
Foundations and corporations	\$ 484,778	\$ 42,000	\$ 526,778	\$ 1,013,377
Contributed services	5,056,947	-	5,056,947	4,983,768
Events	720,095	-	720,095	766,593
Less: cost of direct donor benefits	(153,400)	-	(153,400)	(162,884)
Annual fund	297,680	-	297,680	343,509
Government	919,183	-	919,183	470,351
Interest and investment gain	1,003	919	1,922	1,967
Other	18,358	-	18,358	10,282
Net assets released from restrictions:				
Satisfaction of program or time restrictions	<u>420,429</u>	<u>(420,429)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>7,765,073</u>	<u>(377,510)</u>	<u>7,387,563</u>	<u>7,426,963</u>
<u>Expenses</u>				
Program	6,623,987	-	6,623,987	6,355,745
Management and general	492,329	-	492,329	388,837
Fundraising	<u>500,155</u>	<u>-</u>	<u>500,155</u>	<u>527,730</u>
Total expenses	<u>7,616,471</u>	<u>-</u>	<u>7,616,471</u>	<u>7,272,312</u>
Change in net assets	148,602	(377,510)	(228,908)	154,651
Net assets at beginning of year	<u>1,806,294</u>	<u>947,981</u>	<u>2,754,275</u>	<u>2,599,624</u>
Net assets at end of year	<u>\$ 1,954,896</u>	<u>\$ 570,471</u>	<u>\$ 2,525,367</u>	<u>\$ 2,754,275</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, 2014
(with comparative totals for the year ended June 30, 2013)

	2014	2013
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (228,908)	\$ 154,651
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	69,427	73,941
Gain on investments	219	(1,404)
<u>Changes in assets and liabilities:</u>		
Grant contracts receivable	(60,391)	(51,505)
Unconditional Promises to give	190,520	(191,101)
Prepaid expenses	(23,888)	13,039
Accounts payable	(20,487)	43,042
Accrued expenses	(1,331)	8,003
Net cash (used in) provided by operating activities	(74,839)	48,666
<u>Cash flows from investing activities</u>		
Purchase of equipment	(15,573)	-
Building improvements	(9,100)	(7,924)
Net cash used in investing activities	(24,673)	(7,924)
<u>Cash flows from financing activities</u>		
Principal payments on mortgage	(96,562)	(18,130)
Net cash used in financing activities	(96,562)	(18,130)
Net (decrease) increase in cash	(196,074)	22,612
Cash and equivalents at beginning of year	1,242,648	1,220,036
Cash and equivalents at end of year	\$ 1,046,574	\$ 1,242,648
<u>Supplemental Disclosures of cash flow information:</u>		
Interest paid	\$ 20,443	\$ 23,876

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, 2014
(with comparative totals for the year ended June 30, 2013)

	Program	Management and General	Fund Raising	Total 2014	Total 2013
Personnel	\$ 1,093,180	\$ 311,767	\$ 219,964	\$ 1,624,911	\$ 1,453,344
Payroll taxes	95,873	27,342	19,292	142,507	127,859
Health insurance and other benefits	170,251	48,555	34,257	253,063	195,629
Retirement plan	43,256	12,336	8,705	64,297	57,429
Total personnel and related expenses	1,402,560	400,000	282,218	2,084,778	1,834,261
Auditing	-	11,000	-	11,000	11,000
Contributed services	4,933,599	-	123,348	5,056,947	4,983,768
Depreciation	46,707	13,323	9,397	69,427	73,941
Equipment rental and maintenance	20,323	5,796	4,090	30,209	30,363
Grant subcontract	2,663	-	-	2,663	16,942
Insurance	12,672	3,614	2,550	18,836	18,268
Interest expense	13,753	3,922	2,768	20,443	23,876
Miscellaneous	6,601	1,883	1,328	9,812	7,694
Occupancy	35,524	10,131	7,147	52,802	53,218
Office expense	69,736	19,888	14,032	103,656	92,819
Postage	7,388	2,107	5,793	15,288	18,044
Printing	23,199	6,616	37,573	67,388	39,389
Staff development	11,444	3,264	2,303	17,011	17,662
Staff travel	22,416	6,393	4,510	33,319	25,908
Subscriptions and dues	5,219	1,488	1,050	7,757	7,144
Telephone	7,542	2,151	1,517	11,210	14,809
Trash removal	2,641	753	531	3,925	3,206
Total expenses	<u>\$ 6,623,987</u>	<u>\$ 492,329</u>	<u>\$ 500,155</u>	<u>\$ 7,616,471</u>	<u>\$ 7,272,312</u>

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

SUPPORT CENTER FOR CHILD ADVOCATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 Child Advocates 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. Child Advocates 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. Child Advocates 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, 2014

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, deposits, unconditional promises to give, prepaid expenses, payables and accruals approximate fair value due to their short-term nature.

Income Taxes

Child Advocates 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. Child Advocates 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, Child Advocates has concluded that no tax benefits or liabilities are required to be recognized.

Child Advocates' Forms 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2014, 2013 and 2012 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, 2014

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, 2014 was \$4,265. Child Advocates maintains cash accounts, which, at times, may exceed federally insured limits. As of June 30, 2014, cash balances in excess of insured limits were \$290,014. 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, 2014 is as follows:

Land and Building (1900 Cherry Street)	\$ 2,101,196
Equipment	<u>274,565</u>
Total	2,375,761
Less Accumulated Depreciation	<u>(843,617)</u>
Property and Equipment, net	<u>\$ 1,532,144</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, 2014.

	<u>Fair Value Measurements at June 30, 2014 Using</u>			
	Assets Measured at Fair Value June 30, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Equities	\$ <u>7,884</u>	\$ <u>7,884</u>	\$ -	\$ -
Total assets measured at fair value	\$ <u><u>7,884</u></u>	\$ <u><u>7,884</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 \$64,297 in 2014.

Note 7 - Unconditional Promises to Give

Unconditional promises to give as of June 30, 2014 are as follows:

Receivable in less than one year	\$ 102,000
Receivable in one to five years	<u>12,000</u>
Total unconditional promises to give	114,000
Less: discount to net present value at 5%	<u>(1,116)</u>
Net unconditional promises to give	<u>\$ 112,884</u>

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

SUPPORT CENTER FOR CHILD ADVOCATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 8 - Donated Services

Child Advocates has recognized the following contributed services and other in-kind items as of June 30, 2014:

<u>Contributor</u>	<u>Nature of Contribution</u>	<u>Fair Value</u>
Attorneys and Paralegals	Legal services	\$ 4,829,832
Technical Services	IT services	42,100
Various	Advertising	65,340
Various	Graphic arts services	18,940
Various	Toys, gifts, certificates	57,930
Various	Furniture & equipment	3,737
Various	Supplies for fund-raiser	35,500
Reliable Copy Service	Printing	<u>3,568</u>
		<u>\$ 5,056,947</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, 2014:

	<u>TRNA Balance 6/30/2013</u>	<u>Current Grants and Contributions</u>	<u>Released From Restrictions</u>	<u>TRNA Balance 6/30/2014</u>
Capital Fund	\$ 371,728	\$ 919	\$ -	\$ 372,647
Pew Charitable Trusts (Behavioral Health)	225,000	-	(75,000)	150,000
Peter L. Buttenwieser (Time Restricted)	20,000	-	(15,176)	4,824
United Way (Time Restricted)	41,774	-	(41,774)	-
Independence Foundation (Time Restricted)	15,000	-	(15,000)	-
William Penn Foundation (Time Restricted)	150,000	-	(150,000)	-
Horace Goldsmith Foundation (Time Restricted)	75,000	-	(75,000)	-
AAMLF (Kinship Care Program)	5,000	-	(5,000)	-
Penn Law (Public Interest Fellowship Program)	14,479	-	(14,479)	-
Patricia Kind Foundation (Victim Assistance)	30,000	-	(15,000)	15,000
Nelson Foundation (Project YES)	-	21,000	(7,000)	14,000
Huron Foundation (Project YES)	-	15,000	(5,000)	10,000
Honickman Foundation (Project YES)	-	6,000	(2,000)	4,000
	<u>\$ 947,981</u>	<u>\$ 42,919</u>	<u>\$ (420,429)</u>	<u>\$ 570,471</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, 2014

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 \$394,912.

\$ 416,818

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

Year ending June 30, 2015	\$ 21,906
2016	<u>394,912</u>
	<u>\$ 416,818</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, 2013, from which the summarized information was derived.

Note 12 - Reclassifications

Certain amounts for 2013 have been reclassified to conform with the 2014 presentations.

Note 13 - Evaluation of Subsequent Events

Child Advocates has evaluated subsequent events through November 12, 2014, the date which the financial statements were available to be issued. There is one item of significance. On September 2, 2014, Child Advocates (Seller) entered into an agreement with Liberty Property (Buyer) for the sale of the property located at 1900 Cherry Street, Philadelphia, Pennsylvania. 1900 Cherry Street has been the Seller's operating facility since 2002. The purchase price is \$5,350,000. Assuming the Buyer's due diligence proceeds favorably, closing on the sale is anticipated to take place near the end of 2014. Child Advocates' plans for relocation are on-going as of the date of this report.