ORANGE COUNTY CHILD ABUSE PREVENTION CENTER, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

WITH INDEPENDENT AUDITORS' REPORT

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WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Orange County Child Abuse Prevention Center, Inc.
Anaheim, California

Report on Financial Statements

We have audited the accompanying financial statements of the Orange County Child Abuse Prevention Center, Inc. (a nonprofit organization) (the "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.

Auditors' 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization'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.

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Offices located in Orange and San Diego Counties

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Orange County Child Abuse Prevention Center, Inc. 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 Orange County Child Abuse Prevention Center, Inc.'s 2015 financial statements, and our report dated September 28, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2016, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

White Nelson Diehl Evans LLP

Irvine, California
September 26, 2016

ORANGE COUNTY CHILD ABUSE PREVENTION CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(With Summarized Comparative Totals as of June 30, 2015)

ASSETS

	2016	2015
Current Assets:		
Cash and cash equivalents	$ 394,951	$ 718,595
Investments	1,205,323	1,004,390
Receivables from government agencies	692,842	649,915
Prepaid expenses	111,902	37,704
Pledge receivables	-	78,729
Total Current Assets	2,405,018	2,489,333
Equipment and furniture, net of accumulated depreciation of $115,643 and $70,269 at June 30, 2016 and 2015, respectively	188,447	236,608
Other Assets:		
Deposits	32,958	33,188
Total Other Assets	32,958	33,188
Total Assets	$ 2,626,423	$ 2,759,129

LIABILITIES AND NET ASSETS

	2016	2015
Current Liabilities:		
Accounts payable	$ 35,978	$ 41,733
Accrued liabilities	678,389	605,766
Deferred revenue	22,500	69,600
Total Current Liabilities	736,867	717,099
Net Assets:		
Unrestricted	1,576,934	1,745,766
Temporarily restricted	308,671	292,313
Permanently restricted	3,951	3,951
Total Net Assets	1,889,556	2,042,030
Total Liabilities and Net Assets	$ 2,626,423	$ 2,759,129

The accompanying notes are an integral part of these financial statements

ORANGE COUNTY CHILD ABUSE PREVENTION CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(With Summarized Comparative Totals for the Year Ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Grand Totals 2016	Grand Totals 2015
Support and Revenue:					
Contributions	$ 69,637	$ 33,764	$ -	$ 103,401	$ 122,164
Special Events:					
Revenues	751,067	8,252	-	759,319	759,348
Direct expenses	(208,756)	(4,154)	-	(212,910)	(199,162)
Total Net Special Events	542,311	4,098	-	546,409	560,186
Other Support:					
Grants	240,050	6,032,252	-	6,272,302	6,121,760
Donated goods	-	385,588	-	385,588	363,765
In-kind services	-	186,219	-	186,219	197,913
Targeted case management	-	121,301	-	121,301	161,277
Investment income	2,050	-	-	2,050	5,539
Total Other Support	242,100	6,725,360	-	6,967,460	6,850,254
Total Support and Revenue	854,048	6,763,222	-	7,617,270	7,532,604
Net Assets Released from Restrictions	6,746,864	(6,746,864)	-	-	-
	7,600,912	16,358	-	7,617,270	7,532,604
Expenses:					
Program Services:					
In-home	2,462,031	-	-	2,462,031	2,506,257
Mental health	2,116,806	-	-	2,116,806	2,172,057
Child Abuse Servcie Team ("CAST")	317,782	-	-	317,782	334,638
Outreach and education	1,303,277	-	-	1,303,277	1,008,454
Goods	843,344	-	-	843,344	843,124
Capacity building	-	-	-	-	60,295
Total Program Services	7,043,240	-	-	7,043,240	6,924,825
Support Services:					
Fundraising	363,927	-	-	363,927	404,807
General and administrative	362,577	-	-	362,577	355,246
Total Support Services	726,504	-	-	726,504	760,053
Total Expenses	7,769,744	-	-	7,769,744	7,684,878
Increase (Decrease) in Net Assets	(168,832)	16,358	-	(152,474)	(152,274)
Net Assets, Beginning of Year	1,745,766	292,313	3,951	2,042,030	2,194,304
Net Assets, End of Year	$ 1,576,934	$ 308,671	$ 3,951	$ 1,889,556	$ 2,042,030

ORANGE COUNTY CHILD ABUSE PREVENTION CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
(With Summarized Comparative Totals for the Year Ended June 30, 2015)

	Program Services						Support Services			Grand Totals	
	In-Home	Mental Health	CAST	Outreach and Education	Goods	Total Program Services	Fundraising	General and Administrative	Total Support Services	2016	2015
Salaries, benefits and payroll taxes	$ 1,896,768	$ 1,757,908	$ 125,365	$ 1,013,982	$ 278,967	$ 5,072,990	$ 305,584	$ 155,224	$ 460,808	$ 5,533,798	$ 5,614,569
Donated goods	183,944	22,763	-	37,470	141,412	385,589	-	-	-	385,589	363,765
In-kind services	-	-	186,219	-	-	186,219	-	-	-	186,219	197,913
Audit	12,593	10,030	777	7,467	1,940	32,807	1,528	665	2,193	35,000	37,446
Dues and subscriptions	582	467	158	333	87	1,627	358	13,581	13,939	15,566	9,624
Insurance	9,162	7,331	617	5,411	1,361	23,882	1,113	588	1,701	25,583	21,669
Auto and mileage	86,609	58,361	229	17,372	1,396	163,967	2,066	616	2,682	166,649	192,206
Basic Needs leases / goods	-	-	-	-	386,500	386,500	-	-	-	386,500	388,929
Office supplies	28,111	20,819	1,454	19,764	3,539	73,687	1,949	2,683	4,632	78,319	65,367
Program expenses	17,128	32,780	1,910	19,962	866	72,646	16,883	82,973	99,856	172,502	157,489
Rent	146,412	96,729	267	54,623	13,689	311,720	11,189	4,639	15,828	327,548	282,562
Equipment lease and maintenance	34,355	38,323	182	63,846	5,463	142,169	3,199	9,803	13,002	155,171	129,121
Telephone	30,748	23,169	581	24,528	7,469	86,495	3,641	2,457	6,098	92,593	85,479
Travel and education	13,897	31,388	-	6,289	100	51,674	-	6,035	6,035	57,709	41,608
Depreciation	-	-	-	-	-	-	-	68,823	68,823	68,823	50,993
Loss on disposal of assets	-	-	-	-	-	-	-	9,319	9,319	9,319	-
Fundraising	-	-	-	-	-	-	9,861	-	9,861	9,861	8,656
Newsletter	187	15,420	1	16,700	28	32,336	4,637	10	4,647	36,983	20,824
Postage	1,535	1,318	22	988	478	4,341	244	229	473	4,814	5,146
Miscellaneous	-	-	-	14,542	49	14,591	1,675	4,932	6,607	21,198	11,512
Total Functional Expenses	$ 2,462,031	$ 2,116,806	$ 317,782	$ 1,303,277	$ 843,344	$ 7,043,240	$ 363,927	$ 362,577	$ 726,504	$ 7,769,744	$ 7,684,878

The accompanying notes are an integral part of these financial statements

ORANGE COUNTY CHILD ABUSE PREVENTION CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(With Summarized Comparative Totals for the Year Ended June 30, 2015)

	2016	2015
Cash Flows from Operating Activities:		
Decrease in net assets	$ (152,474)	$ (152,274)
Adjustment to reconcile change in net assets to net cash used in operating activities:		
Depreciation	68,823	50,993
Loss on diposal of assets	9,319	-
Changes in:		
Receivables from government agencies	(42,927)	(294,843)
Prepaid expenses	(74,198)	7,315
Pledges receivable	78,729	(23,154)
Deposits	230	(18,792)
Accounts payable	(5,755)	(11,001)
Accrued liabilities	72,623	165,175
Deferred revenue	(47,100)	(64,800)
Net Cash Used in Operating Activities	(92,730)	(341,381)
Cash Flows from Investing Activities:		
Purchase of equipment and furniture	(29,981)	(205,991)
Net change in investments	(200,933)	447,984
Net Cash (Used in) Provided by Investing Activities	(230,914)	241,993
Net Decrease in Cash and Cash Equivalents	(323,644)	(99,388)
Cash and Cash Equivalents at Beginning of Year	718,595	817,983
Cash and Cash Equivalents at End of Year	$ 394,951	$ 718,595

The accompanying notes are an integral part of these financial statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Orange County Child Abuse Prevention Center, Inc. (the "Organization") is a California nonprofit public benefit corporation incorporated in 1983. The Organization is committed to preventing and breaking the generational cycle of child abuse, domestic violence, and teen pregnancy in Orange County, California. The Organization is primarily funded by grants from government agencies, contributions and fundraising from special events.

The Organization is currently licensed to do business as the following:

- Child Abuse Prevention Center
- Exchange Club Child Prevention Center of Orange County
- The Prevention Center
- Welcome Baby
- Unmasking

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 for not-for-profit organizations. The accounts of the Organization are maintained in accordance with the principles of net asset accounting. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

> *Unrestricted:* These generally result from revenue generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

> *Temporarily Restricted:* The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

> *Permanently Restricted:* These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit the Organization to expend all of the income (or other economic benefits) derived from the donated assets.

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include petty cash funds, bank checking accounts used for operating purposes, and investments with maturities of three months or less from the original purchase dates.

Equipment and Furniture

Equipment and furniture are recorded at cost at date of purchase or estimated fair value at date of donation. Equipment and furniture are depreciated over their estimated useful lives (ranging from 3 to 7 years) using the straight-line method. Depreciation expense related to equipment and furniture amounted to $68,823 for the year ended June 30, 2016.

Receivables from Government Agencies

Receivables from government agencies represent the only concentrated group of credit risk for the Organization. Management does not believe that there are any significant credit risks associated with these governmental agencies. Management continually monitors these receivables to address any credit risks which may arise.

Deferred Revenue

Deferred revenue consists principally of registration fees collected in advance from participants for special events. The fees would need to be returned if the scheduled special event is not held.

Donated Service and Goods

Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization's contracts with the County of Orange (the "County") Social Service Agency require that volunteer services must be utilized and reported to the County. The County has a computed hourly rate of $16.50 based on duties for these volunteers and, accordingly, the Organization records the value of these services as both a revenue and corresponding expense. Approximately 5,500 hours of other volunteer services that do not meet these criteria are not recognized in the financial statements. In total, the Organization had approximately 17,000 volunteer hours during the fiscal year ended June 30, 2016. Donated goods are recorded at their estimated fair market value at the time of distribution.

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Gifts and Contributions

Gifts and contributions are recorded upon receipt in amounts equivalent to their estimated fair market value. Unrestricted gifts and revenue are classified as unrestricted. Unconditional promises to give cash and other assets are recognized in the period the promise is made. Conditional promises are recognized when they become unconditional. Restricted gifts, contributions, and other restricted resources are classified as either temporarily or permanently restricted.

Income Taxes

The Organization is exempt from federal incomes taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from California income taxes. The Organization currently has no material unrelated business income. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Management does not believe that the Organization has any uncertain tax positions. The Organization evaluates its tax positions and would recognize a loss contingency associated with an uncertain tax position when it is probable that a liability has been incurred as of the statement of financial position date and the amount of the loss can be reasonably estimated. The amount recognized would be subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. The years open for tax authority examination are 2012 through 2015 for federal purposes and 2011 through 2015 for state purposes.

Fair Value Measurements

Accounting principles generally accepted in the United State of America provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level l inputs - quoted prices in active markets for identical assets.
Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets.
Level 3 inputs - estimates using the best information available when there is little or no market.

The Organization has no financial instruments utilizing Level 2 or Level 3 inputs for measurement of fair value.

Prior-Year Summarized Information

The financial statements include certain 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Organization providing those services.

Use of Estimates

The process of preparing financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and gains, and expenses and losses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, "*Leases (Topic 842)*". ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous standards. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize lease assets and lease liabilities. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, and early application is permitted. The Organization is currently evaluating the impact of the provisions of ASU 2016-02 on the presentation of its financial statements.

In August 2016, the FASB" issued ASU 2016-14, "*Not-for-Profit Entities (Topic 958)*". ASU 2016-14 changes how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. The ASU requires amended presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, and early application is permitted. The Organization is currently evaluating the impact of the provisions of ASU 2016-14 on the presentation of its financial statements.

Note 2: Risks and Uncertainties

The Organization maintains cash balances at multiple financial institutions. At June 30, 2016, accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At June 30, 2016, The Organization's cash balances on deposit at the institutions in excess of federally insured limits totaled approximately $215,000.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of money market fund deposits at a brokerage firm. The accounts at the brokerage firm contain cash and securities. Balances are insured up to $500,000, with a limit of $250,000 for cash, by the Securities Investor Protection Corporation ("SIPC"). At June 30, 2016, the Organization had approximately $105,000 in excess of SIPC insured limits.

The Organization obtains a substantial portion of its support from three sources. During the year ended June 30, 2016, support received from these sources aggregated approximately $5,900,000. At June 30, 2016, amounts due from these sources in accounts, grants, and awards receivable were approximately $690,000.

Litigation

From time to time, the Organization becomes a party to litigation resulting from the normal course of operations. Management does not believe that any pending or threatened litigation would have a material adverse effect on its financial statements.

Note 3: Investments

The Organization's investments are carried at fair value based on observable quoted market prices in active markets for identical assets (Level 1 inputs). The investments are short term interest earning instruments.

Investment income for the year ended June 30, 2016, was primarily composed of interest income.

Note 4: Commitments

The Organization leases its office space and a warehouse under the terms of non-cancellable operating lease agreements expiring through August 2020. The leases contain rent holidays and stipulated rent increases approximating the consumer price index and require the Organization to pay certain facility expenses. Total rents, after consideration of all rent holidays and escalators, are recognized as rent expense on a straight-line basis over the lease term. The difference between the rent paid and the straight-line expense, in the amount of $169,847 as of June 30, 2016, is recorded in accrued liabilities in the accompanying statement of financial position. The Organization also leases certain equipment under the terms of non-cancellable operating leases.

Note 4: Commitments (Continued)

Future minimum lease payments under the terms of the agreements are as follows as of June 30, 2016:

Year Ending June 30,	
2017	$ 382,081
2018	388,854
2019	370,035
2020	370,470
2021	62,552
	$ 1,573,992

Rent expense under non-cancellable operating leases was approximately $328,000 for the year ended June 30, 2016.

Note 5: Retirement Plan

The Organization contributes to a 403(b) plan in which the contribution is allocated to all full-time employees who are eligible to participate, subject to certain lengths of service and age requirements. Organization contributions to the plan are made at the discretion of the Board of Directors at the end of the fiscal year. During the year ended June 30, 2016, the Organization made contributions to the plan totaling approximately $69,000. Organization contributions vest over four years.

Note 6: Special Events

Revenues and expenses related to special events associated with the Organization's fundraising activities for the year ended June 30, 2016 are as follows:

	Campaigns	Gala	Golf	Total
Revenues	$ 208,029	$ 257,146	$ 294,144	$ 759,319
Direct Expenses	(26,270)	(102,576)	(84,064)	(212,910)
	$ 181,709	$ 154,570	$ 210,080	$ 546,409

Note 7: Net Assets and Restrictions

Net assets consisted of the following as of June 30, 2016:

Unrestricted Net Assets:	
Invested in equipment and furniture	$ 188,447
Available for programs	1,388,487
	1,576,934
Temporarily Restricted Net Assets:	
Contributions received with unfulfilled purpose restrictions:	
Child Abuse Service Team (CAST)	277,834
Other	30,837
	308,671
Permanently Restricted Net Assets:	
Holden Endowment	3,951
Total Net Assets	$ 1,889,556

Note 8: Targeted Case Management

In 2001, the Organization began a service called Targeted Case Management ("TCM"), which qualifies for future reimbursement of costs and is managed by both local and state governments. Timing and receipt of funding under the TCM program is uncertain; as such, the Organization recognizes these revenues when received, which can lead to fluctuations in total support and revenues between fiscal years.

Note 9: Basic Needs Program

In 2005, the Organization began a program called Basic Needs ("BN"), which is funded by the County of Orange. The BN program requires that basic household items such as beds, refrigerators, car seats, etc. be purchased, housed and delivered to at risk families. There is also a requirement that the Organization must collect, warehouse and distribute donated goods. Of the approximately $331,000 in purchased items and $141,000 in donated items during the year ended June 30, 2016, approximately $6,000 and $8,000, respectively, had not yet been distributed to program beneficiaries as of June 30, 2016. Based on the terms of the Organization's agreement with the County of Orange, items purchased for this program are the property of the County of Orange until they are delivered. Since the Organization does not have any ownership of these items and must distribute them to program beneficiaries, no inventory has been reflected in the accompanying statement of financial position.

Note 10: Subsequent Events

Events occurring after June 30, 2016, have been evaluated for possible adjustment to the financial statements or disclosure as of September 26, 2016, which is the date the financial statements were available to be issued.