

CHILD PROTECTIVE SERVICES COMMUNITY PARTNERS, INC.

FINANCIAL STATEMENTS

December 31, 2015 & 2014

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WILLIAM C. SPORE, P.C.
Certified Public Accountants
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Independent Auditor's Report

To the Board of Directors of
Child Protective Services Community Partners, Inc.

I have audited the accompanying financial statements of Child Protective Services Community Partners, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years 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 of 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 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 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 the 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 my audit evidence I have optioned 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 Child Protective Services Community Partners, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

William C. Spore, P.C.

Keller, Texas

July 12, 2016

CHILD PROTECTIVE SERVICES COMMUNITY PARTNERS, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 & 2014

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 624,948	\$ 1,029,437
Receivables	0	15,822
Certificate of Deposit	684,976	563,915
Prepaid Expenses	47,047	5,160
Inventory	696,528	564,118
TOTAL CURRENT ASSETS	<u>2,053,499</u>	<u>2,178,452</u>
PROPERTY & EQUIPMENT		
Furniture, Fixtures & Equipment	1,337,542	131,339
Less-Accumulated Depreciation	(108,380)	(95,797)
NET PROPERTY & EQUIPMENT	<u>1,229,162</u>	<u>35,542</u>
TOTAL ASSETS	\$ <u>3,282,661</u>	\$ <u>2,213,994</u>

LIABILITIES & NET ASSETS

CURRENT LIABILITIES		
Note Payable-Line of Credit	\$ 960,000	\$ 0
Accounts Payable & Accrued Expenses	60,527	42,727
Refundable Advances	52,900	30,500
Unearned Fund Raising Revenues	0	56,397
TOTAL CURRENT LIABILITIES	<u>1,073,427</u>	<u>129,624</u>
NET ASSETS		
Unrestricted	2,029,352	1,902,511
Temporarily Restricted	179,882	181,859
Permanently Restricted	0	0
TOTAL NET ASSETS	<u>2,209,234</u>	<u>2,084,370</u>
TOTAL LIABILITIES & NET ASSETS	\$ <u>3,282,661</u>	\$ <u>2,213,994</u>

CHILD PROTECTIVE SERVICES COMMUNITY PARTNERS, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
REVENUE & PUBLIC SUPPORT				
Contributions	\$ 757,459	\$ 0	\$ 0	\$ 757,459
Contributions-In Kind	1,051,774	0	0	1,051,774
Special Events (Net of Expenses)	328,955	0	0	328,955
United Way	5,652	0	0	5,652
Kids-In-Crisis Funding	0	199,105	0	199,105
Capital Campaign	0	20,270	0	20,270
Interest Income	2,151	0	0	2,151
Net Assets Released from Restrictions	221,352	(221,352)	0	0
TOTAL REVENUE & PUBLIC SUPPORT	<u>2,367,343</u>	<u>(1,977)</u>	<u>0</u>	<u>2,365,366</u>
EXPENSES				
Program Services	1,730,098	0	0	1,730,098
Fundraising	339,573	0	0	339,573
General & Administrative	170,831	0	0	170,831
TOTAL EXPENSES	<u>2,240,502</u>	<u>0</u>	<u>0</u>	<u>2,240,502</u>
CHANGE IN NET ASSETS	126,841	(1,977)	0	124,864
NET ASSETS - BEGINNING OF YEAR	<u>1,902,511</u>	<u>181,859</u>	<u>0</u>	<u>2,084,370</u>
NET ASSETS - END OF YEAR	<u>\$ 2,029,352</u>	<u>\$ 179,882</u>	<u>\$ 0</u>	<u>\$ 2,209,234</u>

CHILD PROTECTIVE SERVICES COMMUNITY PARTNERS, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUE & PUBLIC SUPPORT				
Contributions	\$ 1,136,849	\$ 0	\$ 0	\$ 1,136,849
Contributions-In Kind	974,945	0	0	974,945
Special Events (Net of Expenses)	309,793	0	0	309,793
Title IV-B Grant	20,019	0	0	20,019
United Way	15,820	0	0	15,820
Adopt-A-Caseworker Funding	0	0	0	0
Kids-In-Crisis Funding	0	97,874	0	97,874
Heart Program Funding	0	65	0	65
Interest Income	2,743	0	0	2,743
Net Assets Released from Restrictions	221,546	(221,546)	0	0
TOTAL REVENUE & PUBLIC SUPPORT	2,681,715	(123,607)	0	2,558,108
EXPENSES				
Program Services	1,698,215	0	0	1,698,215
Fundraising	255,296	0	0	255,296
General & Administrative	183,827	0	0	183,827
TOTAL EXPENSES	2,137,338	0	0	2,137,338
CHANGE IN NET ASSETS	544,377	(123,607)	0	420,770
NET ASSETS - BEGINNING OF YEAR	1,358,134	305,466	0	1,663,600
NET ASSETS - END OF YEAR	\$ 1,902,511	\$ 181,859	\$ 0	\$ 2,084,370

CHILD PROTECTIVE SERVICES COMMUNITY PARTNERS, INC.

STATEMENTS OF CASH FLOWS

For the Years Ending December 31, 2015 & 2014

	2015	2014
CASH FLOWS FOR OPERATING ACTIVITIES:		
Change in Net Assets	\$ 124,864	\$ 420,770
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation - Non Cash	12,583	13,904
(Increase) Decrease in Receivables	15,822	(2,693)
(Increase) Decrease in Inventory	(132,410)	(141,625)
(Increase) Decrease in Prepaid Expenses	(41,887)	17,521
Increase (Decrease) in Payables & Accrued Expenses	17,800	24,771
Increase (Decrease) in Unearned Revenues	(33,997)	41,376
NET CASH PROVIDED BY OPERATIONS	(37,225)	374,024
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	(1,206,203)	(3,105)
Proceeds from Certificate of Deposit	0	0
Purchase of Certificate of Deposit	(120,005)	0
Interest Added to Principle of Certificate of Deposit	(1,056)	(1,490)
NET CASH USED BY INVESTING ACTIVITIES	(1,327,264)	(4,595)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on Note Payable	960,000	0
NET INCREASE (DECREASE) IN CASH	(404,489)	369,429
CASH - BEGINNING OF YEAR	1,029,437	660,008
CASH - END OF YEAR	\$ <u>624,948</u>	\$ <u>1,029,437</u>
CASH PER BALANCE SHEET:		
Cash & Cash Equivalents	\$ <u>624,948</u>	\$ <u>1,029,437</u>
SUPPLEMENTAL DISCLOSURES:		
Cash Paid for Interest Expense	\$ <u>10,868</u>	\$ <u>0</u>

CHILD PROTECTIVE SERVICES COMMUNITY PARTNERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

	<u>PROGRAM SERVICES</u>	<u>FUND- RAISING</u>	<u>GENERAL & ADMINISTRATIVE</u>	<u>TOTAL</u>
Rainbow Room Distributions to Clients	\$ 814,122	\$ 0	\$ 0	\$ 814,122
Rainbow Room - Supplies & Services	21,022	0	0	21,022
Heart Program - Supplies & Services	8,121	0	0	8,121
Heart Program - Professional Fees	34,043	0	0	34,043
Kids in Crisis - Specific Assistance	87,432	0	0	87,432
Spirit Of Christmas - Supplies & Services	16,986	0	0	16,986
Storyline - Supplies & Services	2,958	0	0	2,958
Caseworker Appreciation	12,948	0	0	12,948
Salaries	377,097	125,421	51,477	553,995
Payroll Taxes	27,311	10,911	4,445	42,667
Fringe Benefits	48,532	21,134	8,611	78,277
Bank & Credit Card Fees	6,020	1,866	0	7,886
Computer Support	3,870	0	3,870	7,740
Conference and Education	0	0	11,766	11,766
Depreciation	5,193	2,173	5,217	12,583
Development Expenses	0	47,975	0	47,975
Dues and Subscriptions	74	0	2,125	2,199
Future Building Capital Campaign	0	96,950	0	96,950
Future Building Operating Costs & Taxes	0	0	18,669	18,669
Insurance	1,352	0	2,500	3,852
Interest Expense	0	0	10,868	10,868
Travel, Meals and Entertainment	863	0	2,076	2,939
Postage and Shipping	1,384	4,844	692	6,920
Printing and Publications	8,918	14,767	1,451	25,136
Professional Services	4,640	580	580	5,800
Publicity and Promotional	0	0	1,539	1,539
Rent and Storage	220,514	4,900	19,601	245,015
Repair & Maintenance	2,665	0	2,665	5,330
Supplies and Materials	10,452	4,099	15,085	29,636
Telephone	5,385	2,692	4,442	12,519
Utilities	8,196	1,261	3,152	12,609
TOTAL EXPENSES	\$ <u>1,730,098</u>	\$ <u>339,573</u>	\$ <u>170,831</u>	\$ <u>2,240,502</u>

CHILD PROTECTIVE SERVICES COMMUNITY PARTNERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014

	<u>PROGRAM SERVICES</u>	<u>FUND- RAISING</u>	<u>GENERAL & ADMINISTRATIVE</u>	<u>TOTAL</u>
Rainbow Room Distributions to Clients	\$ 747,900	\$ 0	\$ 0	\$ 747,900
Rainbow Room - Supplies & Services	17,742	0	0	17,742
Heart Program - Supplies & Services	6,814	0	0	6,814
Heart Program - Professional Fees	31,335	0	0	31,335
Kids in Crisis - Specific Assistance	96,291	0	0	96,291
Spirit Of Christmas - Supplies & Services	46,018	0	0	46,018
Storyline - Supplies & Services	2,669	0	0	2,669
Caseworker Appreciation	64,042	0	0	64,042
Salaries	333,136	133,665	67,583	534,384
Payroll Taxes	25,077	10,920	4,449	40,446
Fringe Benefits	34,508	15,028	6,122	55,658
Bank & Credit Card Fees	6,313	1,913	0	8,226
Computer Support	3,842	0	3,842	7,684
Conference and Education	0	0	6,209	6,209
Depreciation	6,313	2,174	5,417	13,904
Development Expenses	0	55,449	0	55,449
Dues and Subscriptions	0	0	1,296	1,296
Future Building Program	0	0	26,213	26,213
Insurance	1,577	0	2,575	4,152
Travel, Meals and Entertainment	812	0	450	1,262
Postage and Shipping	2,018	7,064	1,009	10,091
Printing and Publications	6,699	16,948	1,893	25,540
Professional Services	0	0	5,700	5,700
Publicity and Promotional	18,531	2,316	5,232	26,079
Rent and Storage	220,514	4,900	19,601	245,015
Repair & Maintenance	2,760	0	2,760	5,520
Supplies and Materials	8,031	899	15,300	24,230
Telephone	4,826	2,413	4,158	11,397
Utilities	10,447	1,607	4,018	16,072
TOTAL EXPENSES	\$ <u>1,698,215</u>	\$ <u>255,296</u>	\$ <u>183,827</u>	\$ <u>2,137,338</u>
			0	

CHILD PROTECTIVE SERVICES COMMUNITY PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 & 2014

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -

Nature of Activities: Child Protective Services Community Partners, Inc., d/b/a Community Partners of Dallas (CPD) is a community based, nonprofit organization formed to initiate, develop and support projects that enable Child Protective Services caseworkers to make the most positive impact possible on the victims of child abuse and neglect and those that are at risk in Dallas County. These services are provided without regard to the victim's ability to pay. CPD has established December 31 as its fiscal year end.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting policies.

Financial Statement Presentation: The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Cash Equivalents: Cash equivalents consist of all monies held in banks and highly liquid investments with maturity dates of less than three months.

Revenue Recognition - Contributions: All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as temporarily restricted or permanently restricted support. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are classified as unrestricted. CPD had no permanently restricted net assets in 2014 or 2015.

Donated materials and services represent the estimated fair value of materials and services provided. The contribution of services are recognized if the services received create non-financial assets or require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Receivables: Receivables represent contribution pledges received in the current fiscal year but funded by the donor in the following fiscal year and requests for funds submitted to grantors for expenditures made by CPD in the current fiscal year that had not been received at year end. The Organization did not have any bad debts related to its funding requests.

CHILD PROTECTIVE SERVICES COMMUNITY PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 & 2014

Inventory: Donated clothing, toys, school supplies and other household items are stated at estimated fair value as of the date received, or cost if purchased. These items are held for future distribution to “qualified recipients” when identified. Inventory is estimated using the average price of inventory categories multiplied by the quantity on hand at year end. The average price of inventory categories is average cost (or donated value as described above) of all inventory items in a category.

Property & Equipment: CPD follows the practice of capitalizing all expenditures for property or equipment in excess of \$500. Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded at their estimated fair value at the date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed on a straight-line basis over the useful lives of the assets. Useful lives range from three to forty years.

Refundable advances: CPD records grant revenue as a refundable advance until it is expended for the purpose of the grant, at which time it is recognized as revenue. The balance in refundable advances represents amounts received in December for salaries to be paid in the subsequent year.

Compensated absences: Employees of CPD receive paid vacations and personal days off, depending on the length of service and other factors. The Organization’s policy is to recognize the cost of compensated absences when actually paid as the amount of unpaid compensated absences at year end is immaterial.

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

Income Taxes: CPD is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and therefore has made no provision for income taxes in the accompanying financial statements. The Organization is not classified as a private foundation and there was no unrelated business income for the fiscal years ending December 31, 2015 and 2014. The Organization’s Forms 990 for fiscal years 2013, 2014 and 2015 are subject to examination by the IRS, generally for three years after they are filed.

Donated Services: CPD receives a significant amount of donated services from unpaid volunteers who assist with the organizations various programs, fund-raising projects and with general and administrative functions. The value of these contributions has not been reflected in the financial statements as they did not meet the criteria for recognition.

Functional Allocation of Expenses: The costs of providing the various programs and activities 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.

CHILD PROTECTIVE SERVICES COMMUNITY PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 & 2014

NOTE B: CASH:

At December 31, 2015 CPD's cash and time deposit accounts totaled \$1,309,924. The organization's checking and savings account balances (per bank) totaled \$489,125 at December 31, 2015. All of the checking and savings balances were covered by federal depository insurance, the Company did not have any uncollateralized checking or savings accounts at December 31, 2015.

At December 31, 2015 the organization held certificates of deposit totaling \$684,976. All of the certificates of deposit were covered by federal depository insurance at December 31, 2015. The Company did not have any uncollateralized certificate of deposit accounts at December 31, 2015.

NOTE C: LINE OF CREDIT:

In September 2015 the CPD entered into a line of credit agreement with BOKF, NA, d/b/a Bank of Texas in the amount of \$960,000. The line of credit proceeds was used by CPD to purchase a building for the future home of the organization. The agreement matures September 16, 2016, requires monthly interest payments based on BOKF's prime rate (which was 4% in December 2015) and is collateralized by the real estate purchased with the loan proceeds and is further secured by a pledge of a \$120,000 certificate of deposit owned by the Company.

NOTE D: RESTRICTED NET ASSETS:

Temporarily restricted net asset balances and activities are as follows:

	BALANCE <u>12-31-14</u>	ADDITIONS	RELEASES	BALANCE <u>12-31-15</u>
Kids-in-Crisis	\$ 72,480	\$ 199,105	\$ 147,432	\$ 124,153
Heart Program	109,379	0	73,920	35,459
Capital Campaign	0	20,270	0	20,270
	<u>\$ 181,859</u>	<u>\$ 219,375</u>	<u>\$ 221,352</u>	<u>\$ 179,882</u>

In September 2015 CPD purchased a building for its future use. In combination with the purchase of the building the CPD's board of directors initiated a "Capital Campaign" to raise funds to pay off the debt incurred to purchase the building and to raise funds to refurbish the building.

CHILD PROTECTIVE SERVICES COMMUNITY PARTNERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 & 2014

NOTE E: IN-KIND CONTRIBUTIONS:

CPD received in-kind contributions from various donors during the fiscal years 2015 and 2014. The estimated values of these in-kind contributions are as follows:

	<u>2015</u>		<u>2014</u>
Inventory	\$ 806,759	\$	729,930
Rent	245,015		245,015
	<u>\$ 1,051,774</u>	\$	<u>974,945</u>

NOTE F: OPERATING LEASES:

In November 2008 CPD was provided office and warehouse space on Skiles Street in Dallas, Texas on a rent-free basis from the Meadows Foundation. The warehouse space houses the “Skiles” Rainbow Room. The lease expires in October 2018. The fair rental value of this space is \$224,348 annually, which is included in In-Kind Contributions and in Rent expense in the statement of activities. CPD also receives the use of space in an office building on Stemmons Freeway at no charge. This space houses the “Stemmons” Rainbow Room. The fair rental value of this space is \$20,667 annually and this amount is included in In-Kind Contribution revenues and in Rent expense in the statement of activities.

NOTE G: EVALUATION OF SUBSEQUENT EVENTS:

CPD has evaluated subsequent events through July 12 2016, the date which the financial statements were available to be issued.

WILLIAM C. SPORE, P.C.
Certified Public Accountants
200 N. Rufe Snow Drive, Ste 116, Keller, TX 76248
817-421-6619

To the Board of Directors
Child Protective Services Community Partners, Inc.

In planning and performing my audit of the financial statements of Child Protective Services Community Partners, Inc. as of and for the year ending December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, I considered the Child Protective Services Community Partners, Inc.'s internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. I did not identify any deficiencies in internal control that I consider to be material weaknesses.

This communication is intended solely for the information and use of management and Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

William C. Spore, PC
Certified Public Accountants

July 12, 2016