

**THE CENTER FOR FAMILY  
OUTREACH, INC.  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2016 and 2015**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Center for Family Outreach, Inc.

We have audited the accompanying financial statements of The Center for Family Outreach, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016 and 2015, 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**

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. 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 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, 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Center for Family Outreach, Inc. as of December 31, 2016 and 2015, 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.

***B. Sue Wood and Associates, P.C.***

B. Sue Wood and Associates, P.C.

August 16, 2017

**THE CENTER FOR FAMILY OUTREACH, INC**

Statement of Financial Position

As of December 31, 2016 and 2015

**ASSETS**

	<u>2016</u>	<u>2015</u>
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 86,039	77,632
Accounts receivable	4,002	5,110
Donation receivable	1,000	1,000
Unconditional promises to give	198,022	148,821
Total Current Assets	<u>289,063</u>	<u>232,563</u>
<b><u>Property and Equipment</u></b>		
Equipment and furnishings	43,771	43,841
Total Property and Equipment	<u>43,771</u>	<u>43,841</u>
Less accumulated depreciation	<u>(33,905)</u>	<u>(31,249)</u>
	9,866	12,592
<b><u>Other Assets</u></b>		
Prepaid expense	3,551	3,448
Rent deposit	<u>3,250</u>	<u>3,250</u>
Total Other Assets	6,801	6,698
<b><u>Total Assets</u></b>	<u>\$ 305,730</u>	<u>251,853</u>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities</u></b>		
Accounts payable	\$ 12,334	7,002
Accrued vacation payable	<u>21,153</u>	<u>22,805</u>
Total Liabilities	33,487	29,807
<b><u>Net Assets</u></b>		
Unrestricted	73,221	72,194
Temporarily restricted	<u>199,022</u>	<u>149,852</u>
Total Net Assets	<u>272,243</u>	<u>222,046</u>
<b><u>Total Liabilities and Net Assets</u></b>	<u>\$ 305,730</u>	<u>251,853</u>

**THE CENTER FOR FAMILY OUTREACH, INC.**

Statement of Activities

As of December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>Revenues, Gains and Other Support</u></b>			
Program revenue	\$ 23,687	-	23,687
Grants and allocations	203,120	198,022	401,142
Individuals and business contributions	13,332	-	13,332
Fund-raising	44,888	1,000	45,888
Rental Income	4,980	-	4,980
Interest	178	-	178
Net assets released from restrictions:			
Expiration of time restrictions	149,852	(149,852)	-
<b>Total Revenues, Gains and Other Support</b>	440,037	49,170	489,207
 <b><u>Expenses</u></b>			
Program Services	376,957	-	376,957
Supporting Services			
General and management	32,339	-	32,339
Fundraising	29,714	-	29,714
Total Expenses	439,010	-	439,010
 Increase (Decrease) in Net Assets	1,027	49,170	50,197
 Net Assets at Beginning of Year	72,194	149,852	222,046
 Net Assets at End of Year	\$ 73,221	199,022	272,243

**THE CENTER FOR FAMILY OUTREACH, INC.**

Statement of Activities

As of December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>Revenues, Gains and Other Support</u></b>			
Program Revenue	\$ 41,021	-	41,021
Grants and Allocations	113,913	148,852	262,765
Individuals and Business Contributions	14,042	-	14,042
Fund-Raising	40,832	1,000	41,832
Rental	1,800	-	1,800
Interest	103	-	103
Net Assets released from Restrictions:			
Expiration of Time Restrictions	193,368	(193,368)	-
<b>Total Revenues, Gains and Other Support</b>	405,079	(43,516)	361,563
<b><u>Expenses</u></b>			
Program Services	340,203	-	340,203
Supporting Services			
General and management	29,552	-	29,552
Fundraising	26,525	-	26,525
Total Expenses	396,280	-	396,280
Increase (Decrease) in Net Assets	8,799	(43,516)	(34,717)
Net Assets at Beginning of Year	63,395	193,368	256,763
Net Assets at End of Year	\$ 72,194	149,852	222,046

**THE CENTER FOR FAMILY OUTREACH, INC.**

## Statement of Functional Expenses

As of December 31, 2016

	<b><u>Supporting Services</u></b>			
	<b><u>Program Services</u></b>	<b><u>Management and General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Compensation & Related Expenses				
Salaries	\$ 215,123	19,781	12,363	247,267
Employee benefits	25,949	2,386	1,491	29,826
Payroll taxes	19,899	1,831	1,144	22,874
	<u>260,971</u>	<u>23,998</u>	<u>14,998</u>	<u>299,967</u>
Accounting fees	11,461	1,054	659	13,174
Bank service charge	190	18	11	219
Contract labor	8,858			8,858
Computer support	7,956	731	457	9,144
Depreciation	3,289	302	189	3,780
Dues and subscriptions	537	48	31	616
Equipment rental and maintenance	2,154	198	124	2,476
Food and entertainment	1,067	98	61	1,226
Fund-raising	-	-	9,502	9,502
Insurance	4,546	418	261	5,225
Marketing and advertising	470	43	27	540
Miscellaneous	2,600	240	149	2,989
Occupancy	44,841	4,124	2,577	51,542
Office expense	6,126	563	352	7,041
Postage and delivery	353	33	20	406
Program supplies	16,413	-	-	16,413
Repairs and maintenance	675	62	39	776
Telephone and internet	4,450	409	257	5,116
	<u>\$ 376,957</u>	<u>32,339</u>	<u>29,714</u>	<u>439,010</u>

**THE CENTER FOR FAMILY OUTREACH, INC.**

## Statement of Functional Expenses

As of December 31, 2015

	<b><u>Supporting Services</u></b>			
	<b><u>Program Services</u></b>	<b><u>Management and General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Compensation & Related Expenses				
Salaries	\$ 191,400	17,600	11,000	220,000
Employee benefits	19,749	1,816	1,135	22,700
Payroll taxes	18,132	1,667	1,042	20,841
	<u>229,281</u>	<u>21,083</u>	<u>13,177</u>	<u>263,541</u>
Accounting fees	11,123	1,023	639	12,785
Bad debt	125	-	-	125
Bank service charge	395	36	23	454
Computer support	5,942	546	342	6,830
Depreciation	4,046	372	233	4,651
Dues and subscriptions	1,182	109	68	1,359
Equipment rental and maintenance	5,491	505	316	6,312
Food and entertainment	691	64	40	795
Fund-raising	-	-	8,055	8,055
Insurance	6,033	555	347	6,935
Marketing and advertising	533	49	30	612
Miscellaneous	1,479	136	85	1,700
Occupancy	42,701	3,927	2,454	49,082
Office expense	6,294	579	362	7,235
Postage and delivery	452	42	26	520
Program supplies	18,714	-	-	18,714
Repairs and maintenance	1,275	117	72	1,464
Telephone and internet	4,446	409	256	5,111
	<u>\$ 340,203</u>	<u>29,552</u>	<u>26,525</u>	<u>396,280</u>

**THE CENTER FOR FAMILY OUTREACH, INC.**

Statements of Cash Flows

Years Ended December 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Cash received from contributions and grants	\$ 416,142	343,098
Cash received from service receipts	24,796	39,674
Interest received	178	103
Cash paid to employees and suppliers	(431,655)	(385,066)
Net Cash Provided by Operating Activities	<u>9,461</u>	<u>(2,191)</u>
<b><u>Net Cash Flows Used from Investing Activities</u></b>		
Purchase of property and equipment	(1,054)	(2,502)
Net Cash Used by Investing Activities	<u>(1,054)</u>	<u>(2,502)</u>
Net Increase (Decrease) in Cash	8,407	(4,693)
Cash at Beginning of Year	77,632	82,325
Cash at End of Year	<u><u>86,039</u></u>	<u><u>77,632</u></u>

<b><u>Cash Flows from Operating Activities</u></b>		
Increase (Decrease) in Net Assets	\$ 50,197	(34,717)
Adjustments to reconcile change in net assets to net cash provided by Operating Activities:		
Depreciation and amortization	3,780	4,651
Disposal of equipment	-	-
(Increase) Decrease in Operating Assets:		
Accounts receivable	1,108	(1,359)
Prepaid expense	(103)	302
Unconditional promises to give	(49,201)	43,546
Increase (Decrease) in Operating Liabilities:		
Accounts payable	5,332	3,599
Accrued vacation	(1,652)	2,662
Deferred income	-	(20,875)
<b><u>Net Cash Provided by Operating Activities</u></b>	<u><u>\$ 9,461</u></u>	<u><u>(2,191)</u></u>



**THE CENTER FOR FAMILY OUTREACH, INC.**

Notes to Financial Statements  
Year Ended December 31, 2016

**Note 1 - Nature of Activities and Significant Accounting Policies**

The accounting and reporting policies of The Center for Family Outreach, Inc. conform to accounting principles generally accepted in the United States. The following summary of significant accounting policies is presented to assist the reader in evaluating The Center for Family Outreach, Inc. financial statements.

*Nature of Activities*

The Center for Family Outreach, Inc. (the Organization) was incorporated in the State of Colorado on September 7, 1999. The Center for Family Outreach, Inc. provides a comprehensive approach to adolescent development and delinquency. The Organization offers services and education for at-risk youth, ages 10-18, and their families. In December 2008, the Organization legally changed their name from The Center for Community Justice Partnership, Inc. to The Center for Family Outreach, Inc.

*Basis of Accounting*

The financial statements of The Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

*Basis of Presentation*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-profit Organizations. Under SFAS No. 117, 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 and Cash Equivalents*

For purposes of the Statements of Cash Flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

*Fair Values of Financial Instruments*

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, and promises to give due in less than one year: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

**THE CENTER FOR FAMILY OUTREACH, INC.**

Notes to Financial Statements  
Year Ended December 31, 2016

**Note 1 - Nature of Activities and Significant Accounting Policies (continued)**

*Accounts Receivable*

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

*Unconditional Promises To Give*

Contributions are recognized when the donor makes a promise to give to the Center 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 are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

*Property and Equipment*

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method. All expenditures for fixed assets in excess of \$250 are capitalized.

*Advertising*

The Center expenses advertising costs as they are incurred. The Center also receives contributed advertising periodically which is not recorded in the financial statements. Promotion and public education expenses were \$540 and \$612 for the years ended December 31, 2016 and 2015, respectively.

**THE CENTER FOR FAMILY OUTREACH, INC.**

Notes to Financial Statements  
Year Ended December 31, 2016

**Note 1 - Nature of Activities and Significant Accounting Policies (continued)**

*Recognition of Donor Restrictions*

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

*Income Taxes*

The Center is exempt from federal income taxation under the provisions of Internal Revenue Code Section 501(c)(3), and is thereby also exempt from Colorado income taxation. The Internal Revenue Service has classified the organization as “not a private foundation”.

Tax penalties and interest, if any, would be classified with income tax expenses in the financial statements. No tax penalties or interest have been incurred or are recognized in the financial statements. Generally, three tax years remain subject to examination by tax jurisdictions.

*Accrued Vacation Payable*

The Center pays accumulated leave time upon termination of employees. Any such amounts accumulated are valued at current pay rates and included as an accrued liability on the financial statements for \$21,153 and \$22,805 at December 31, 2016 and 2015, respectively.

*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.

**THE CENTER FOR FAMILY OUTREACH, INC.**

Notes to Financial Statements  
Year Ended December 31, 2016

**Note 2 - Unconditional Promises to Give**

The unconditional promises to give consist of the following:

State of Colorado, Juvenile Diversion	\$ 38,981
Prevention Plus Pathways LCIOG	105,312
Tony Gramscas Youth Services Program	42,479
United Way	<u>11,250</u>
	<u>\$ 198,022</u>

The amounts from these organizations at December 31, 2016 are due within one year. The organizations have allowed for uncollectible amounts before indicating to the recipient the allocated amounts. Accordingly, no provision is made for uncollectible amounts.

**Note 3 - Property and Equipment**

Property and equipment consist of the following:

	<u>2016</u>	<u>2015</u>
Computers and printers	\$ 30,699	30,769
Furniture	10,372	10,372
Phone System	<u>2,700</u>	<u>2,700</u>
	43,771	43,841
Less accumulated depreciation and amortization	<u>33,905</u>	<u>31,249</u>
	<u>\$ 9,866</u>	<u>12,592</u>

**Note 4 - Temporarily Restricted Net Asset**

Changes in temporarily restricted net assets consist of the following for the year ended December 31, 2016:

	Beginning			Ending
	Balance	Additions	Releases	Balance
Programming	<u>\$ 149,852</u>	199,022	(149,852)	<u>199,022</u>
	<u>\$ 149,852</u>	199,022	(149,852)	<u>199,022</u>

**THE CENTER FOR FAMILY OUTREACH, INC.**

Notes to Financial Statements  
Year Ended December 31, 2016

**Note 5 - Operating Leases**

On January 18<sup>th</sup>, 2013, the Center entered into a five-year operating lease with Michael J. Burns to lease office space at 1100 Poudre River Drive, Unit 5, Fort Collins Colorado. Rental expense for the lease consisted of \$42,513 and \$41,077 for the years ended December 31, 2016 and 2015.

Future minimum lease payments under the operating lease are as follows:

Year Ending December 31,	
2017	43,788
2018	<u>3,658</u>
Total	<u>\$ 47,446</u>

**Note 6 - Subsequent Events**

FASB ASC 855-10 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. That is, whether that date represents the date the financial statements were issued or were available to be issued. The Organization has evaluated subsequent events for potential recognition and/or disclosure in these financial statements through August 16, 2017, the date the financial statements were available to be issued.