THE CENTER FOR FAMILY OUTREACH, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2017 and 2016

B. Sue Wood
AND ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2017 and 2016, 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, 2017 and 2016, 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.
October 29, 2018

THE CENTER FOR FAMILY OUTREACH, INC

Statement of Financial Position

As of December 31, 2017 and 2016

ASSETS

	2017	2016
Current Assets		
Cash and cash equivalents	$ 101,271	86,039
Accounts receivable	12,419	4,002
Donation receivable	-	1,000
Unconditional promises to give	204,841	198,022
Total Current Assets	318,531	289,063
Property and Equipment		
Equipment and furnishings	41,482	43,771
Total Property and Equipment	41,482	43,771
Less accumulated depreciation	(31,711)	(33,905)
	9,771	9,866
Other Assets		
Prepaid expense	2,124	3,551
Rent deposit	3,250	3,250
Total Other Assets	5,374	6,801
Total Assets	$ 333,676	305,730

LIABILITIES AND NET ASSETS

	2017	2016
Current Liabilities		
Accounts payable	$ 8,466	12,334
Accrued vacation payable	23,857	21,153
Deferred breakfast income	1,000	-
Total Liabilities	33,323	33,487
Net Assets		
Unrestricted	90,239	73,221
Temporarily restricted	210,114	199,022
Total Net Assets	300,353	272,243
Total Liabilities and Net Assets	$ 333,676	305,730

The accompanying accountants' report and notes are an integral part of these financial statements.

THE CENTER FOR FAMILY OUTREACH, INC.

Statement of Activities

As of December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support			
Program revenue	$ 49,798	-	49,798
Grants and allocations	168,842	204,841	373,683
Individuals and business contributions	20,251	5,273	25,524
Fund-raising	48,598	-	48,598
Rental Income	2,075	-	2,075
Interest	213	-	213
Net assets released from restrictions:			
Expiration of time restrictions	199,022	(199,022)	-
Total Revenues, Gains and Other Support	488,799	11,092	499,891
Expenses			
Program Services	403,598	-	403,598
Supporting Services			
General and management	29,917	-	29,917
Fundraising	38,266	-	38,266
Total Expenses	471,781	-	471,781
Increase (Decrease) in Net Assets	17,018	11,092	28,110
Net Assets at Beginning of Year	73,221	199,022	272,243
Net Assets at End of Year	$ 90,239	210,114	300,353

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THE CENTER FOR FAMILY OUTREACH, INC.

Statement of Activities

As of December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support			
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	4,980	-	4,980
Interest	178	-	178
Net Assets released from Restrictions:			
Expiration of Time Restrictions	149,852	(149,852)	-
Total Revenues, Gains and Other Support	440,037	49,170	489,207
Expenses			
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

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THE CENTER FOR FAMILY OUTREACH, INC.

Statement of Functional Expenses

As of December 31, 2017

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Compensation & Related Expenses				
Salaries	$ 207,190	19,052	11,907	238,149
Employee benefits	13,521	1,243	777	15,541
Payroll taxes	18,547	1,705	1,066	21,318
	239,258	22,000	13,750	275,008
Accounting fees	9,921	912	570	11,403
Bank service charge	52	5	3	60
Contract labor	59,750	-	-	59,750
Computer support	7,120	655	409	8,184
Depreciation	3,702	340	213	4,255
Dues and subscriptions	551	51	32	634
Equipment rental and maintenanc	1,939	178	111	2,228
Food and entertainment	1,027	94	59	1,180
Fund-raising	-	-	19,568	19,568
Insurance	5,416	498	311	6,225
Marketing and advertising	2,072	191	119	2,382
Miscellaneous	2,940	270	169	3,379
Occupancy	41,271	3,795	2,372	47,438
Office expense	4,603	423	265	5,291
Postage and delivery	440	40	25	505
Program supplies	18,483	-	-	18,483
Repairs and maintenance	1,463	135	84	1,682
Telephone and internet	3,590	330	206	4,126
	$ 403,598	29,917	38,266	471,781

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THE CENTER FOR FAMILY OUTREACH, INC.

Statement of Functional Expenses

As of December 31, 2016

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
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
	260,971	23,998	14,998	299,967
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 maintenanc	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
	$ 376,957	32,339	29,714	439,010

The accompanying accountants' report and notes are an integral part of these financial statements

THE CENTER FOR FAMILY OUTREACH, INC.

Statements of Cash Flows

Years Ended December 2017 and 2016

	2017	2018
Cash Flows from Operating Activities		
Cash received from contributions and grants	$ 445,060	416,142
Cash received from service receipts	41,381	24,796
Interest received	213	178
Cash paid to employees and suppliers	(467,262)	(431,655)
Net Cash Provided by Operating Activities	19,392	9,461
Net Cash Flows Used from Investing Activities		
Purchase of property and equipment	(4,160)	(1,054)
Net Cash Used by Investing Activities	(4,160)	(1,054)
Net Increase (Decrease) in Cash	15,232	8,407
Cash at Beginning of Year	86,039	77,632
Cash at End of Year	101,271	86,039

Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	$ 28,110	50,197
Adjustments to reconcile change in net assets to net cash provided by Operating Activities:		
Depreciation and amortization	4,255	3,780
Disposal of equipment	-	-
(Increase) Decrease in Operating Assets:		
Accounts receivable	(7,417)	1,108
Prepaid expense	1,427	(103)
Unconditional promises to give	(6,819)	(49,201)
Increase (Decrease) in Operating Liabilities:		
Accounts payable	(3,868)	5,332
Accrued vacation	2,704	(1,652)
Deferred income	1,000	-
Net Cash Provided by Operating Activities	$ 19,392	9,461

The accompanying accountants' report and notes are an integral part of these financial statements

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.

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 $2,382 and $540 for the years ended December 31, 2017 and 2016, respectively.

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 $23,857 and $21,153 at December 31, 2017 and 2016, 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.

Note 2 - Unconditional Promises to Give

The unconditional promises to give consist of the following:

State of Colorado, Juvenile Diversion	$ 42,398
Prevention Plus Pathways LCIOG	101,291
State of Colorado Juvenile Diversion – Marijuana Program	49,796
United Way	11,356
	$ 204,841

The amounts from these organizations at December 31, 2017 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:

	2017	2016
Computers and printers	$ 28,410	30,699
Furniture	10,372	10,372
Phone System	2,700	2,700
	41,482	43,771
Less accumulated depreciation and amortization	31,711	33,905
	$ 9,771	9,866

Note 4 - Temporarily Restricted Net Asset

Changes in temporarily restricted net assets consist of the following for the year ended December 31, 2017:

	Beginning Balance	Additions	Releases	Ending Balance
Programming	$ 199,022	210,114	(199,022)	210,114
	$ 199,022	210,114	(199,022)	210,114

Note 5 - Operating Leases

On January 18th, 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 $39,591 and $42,513 for the years ended December 31, 2017 and 2016.

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

Year Ending December 31,	
2018	$ 3,658
Total	$ 3,658

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 October 29 2018, the date the financial statements were available to be issued.

In January of 2018, the Center entered into a three-year operating lease with The City of Fort Collins to lease office space at 212 W. Mountain Avenue, Fort Collins, Colorado.