



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEAR ENDED JUNE 30, 2016**

**COMMUNITY ALLIANCE AGAINST FAMILY ABUSE**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
of Community Alliance Against Family Abuse  
Apache Junction, Arizona

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Community Alliance Against Family Abuse (CAAFa), a nonprofit organization, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities 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. 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 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 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 CAAFA 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.

*Debridge & Company, P.L.*

*Certified Public Accountants  
Mesa, Arizona*

December 7, 2016

**COMMUNITY ALLIANCE AGAINST FAMILY ABUSE  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2016**

**ASSETS**

Current assets:

Cash	\$ 24,541
Due from government	112,463
Total current assets	137,004

Fixed assets:

Land	161,680
Land improvements	15,112
Buildings and improvements	360,890
Vehicles, furniture and equipment	73,529
Less: accumulated depreciation	(200,636)
Total fixed assets	410,575

<b>Total assets</b>	<b>\$ 547,579</b>
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**LIABILITIES AND NET ASSETS**

Current and total liabilities:

Accounts payable	\$ 5,030
Accrued payroll, taxes and related benefits	17,938
Line of credit	11,704
Total current and total liabilities	34,672

Unrestricted net assets	512,907
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<b>Total liabilities and net assets</b>	<b>\$ 547,579</b>
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The accompanying notes are an integral part of this statement.

**COMMUNITY ALLIANCE AGAINST FAMILY ABUSE  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

<b>Revenue and support:</b>	
Government grants	\$ 597,587
Grants	17,820
Contributions	71,412
In-kind revenue	19,601
Special events	16,463
Miscellaneous	109
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<b>Total revenue and support</b>	<b>722,992</b>
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<b>Expenses:</b>	
Payroll	400,892
Payroll related taxes and benefits	67,113
Accounting	8,399
Other purchased service fees	28,630
Shelter activities	12,741
General supplies	6,246
Administrative supplies	1,635
Printing and postage	6,014
Dues and fees	4,412
Special events	4,742
Rent and related	31,200
Repairs and maintenance	21,384
Utilities	23,403
Travel	8,481
Transportation	2,020
Information technology	22,015
Insurance	12,206
In-kind donation	19,601
Depreciation	11,112
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<b>Total expenses</b>	<b>692,246</b>
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<b>Change in net assets</b>	<b>30,746</b>
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<b>Net assets, beginning of year</b>	<b>482,161</b>
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<b>Net assets, end of year</b>	<b>\$ 512,907</b>
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The accompanying notes are an integral part of this statement.

**COMMUNITY ALLIANCE AGAINST FAMILY ABUSE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2016**

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 30,746
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	11,112
Changes in:	
Due from government	(51,339)
Accounts payable	1,423
Accrued payroll, taxes and related benefits	<u>(9,456)</u>
Net cash used in operating activities	<u>(17,514)</u>
<b>Cash flows from investing activities:</b>	
Purchases of furniture and equipment	<u>(10,155)</u>
Net cash used in investing activities	<u>(10,155)</u>
<b>Cash flows from financing activities:</b>	
Proceeds from line of credit	12,585
Principal payments on line of credit	<u>(881)</u>
Net cash provided by financing activities	<u>11,704</u>
<b>Net decrease in cash</b>	<b>(15,965)</b>
<b>Cash, beginning of year</b>	<u>40,506</u>
<b>Cash, end of year</b>	<u><u>\$ 24,541</u></u>
<b><u>Supplemental disclosure of cash flow information</u></b>	
Cash paid for interest	<u><u>\$ 435</u></u>

The accompanying notes are an integral part of this statement.

**COMMUNITY ALLIANCE AGAINST FAMILY ABUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization: Community Alliance Against Family Abuse (CAAFa) is an Arizona nonprofit corporation, incorporated on April 27, 1998, and provides domestic abuse relief services in Northern Pinal County. CAAFA is based in Apache Junction, Arizona, and operates under numerous contracts with governmental agencies and other not-for-profit organizations. CAAFA's mission is to empower individuals, families, and communities to be free from abuse through collaboration, prevention, awareness, and support.

The significant accounting policies of CAAFA follow:

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*. CAAFA 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. CAAFA had no temporarily restricted or permanently restricted net assets at June 30, 2016.

Contributions: CAAFA follows the FASB ASC subtopic of revenue recognition for not-for-profit entities. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support based on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in temporarily restricted or permanently restricted net assets depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Use of Estimates: In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable: Accounts receivable consists mainly of approved payments to CAAFA for the performance of services under grant contracts. Historically, CAAFA has never experienced any losses due to non-payment and due to the nature of the contracts an allowance for doubtful accounts has not been established.

**COMMUNITY ALLIANCE AGAINST FAMILY ABUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
Concluded**

Fixed Assets: Land, buildings and related improvements, and vehicles, furniture and equipment with a cost of \$1,000 or more and an estimated useful life of one year or more are recorded and stated at cost if purchased, or at their estimated fair value if donated. Donations of property and equipment are recorded at fair value as of the date of donation. 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 restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, CAAFA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. CAAFA reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation and amortization is provided on the straight-line basis over the estimated useful lives of the respective assets.

Land improvements	5-25 years
Buildings and improvements	40 years
Vehicles, furniture and equipment	3-10 years

Advertising: Advertising costs are expensed as incurred.

Income Taxes: CAAFA is exempt from federal income taxes as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code, and from Arizona income taxes under Section 43-1201(a)(4) of the Arizona Revised Statutes. However, income from certain activities not directly related to CAAFA's tax-exempt purpose is subject to taxation as unrelated business income.

Expense Allocation: The costs of providing various programs and other activities have been summarized on a functional basis in note 5. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 2 - CONCENTRATION OF CREDIT RISK**

The Federal Deposit Insurance Corporation (FDIC) secures accounts in insured institutions up to \$250,000 per depositor. Bank account balances may exceed FDIC insured limits at various times throughout the year. CAAFA's cash account balances were fully insured by the FDIC at June 30, 2016. CAAFA has never experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash balances.

**COMMUNITY ALLIANCE AGAINST FAMILY ABUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 3 - LINE OF CREDIT**

CAAFAs has a \$12,000 unsecured, variable interest rate line of credit with a bank. Payments of all accrued unpaid interest are due monthly. At June 30, 2016, the interest rate was 12.00%, and the outstanding balance was \$11,704.

**NOTE 4 - GOVERNMENT GRANTS**

CAAFAs received grants from various government agencies or passed through other organizations during the year ended June 30, 2016:

Grants were received or passed through the following organizations:

Arizona Department of Health Services	\$ 185,313
Arizona Department of Economic Security	166,110
Governor's Office for Children, Youth and Families	64,177
Arizona Department of Public Safety	163,591
City of Apache Junction	15,676
Miscellaneous Grants	<u>2,720</u>
Total	<u><u>\$ 597,587</u></u>

**NOTE 5 - FUNCTIONAL EXPENSE CLASSIFICATION**

The following is a summary of CAAFAs's expenses by function for the year ended June 30, 2016:

Domestic abuse relief services	\$ 602,242
General and administrative	74,875
Fundraising	<u>15,129</u>
Total	<u><u>\$ 692,246</u></u>

**COMMUNITY ALLIANCE AGAINST FAMILY ABUSE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 6 - COMMITMENTS AND CONTINGENT LIABILITIES**

Compliance: CAAFA's compliance with certain laws and regulations is subject to review by the State of Arizona and other grantors. Such reviews could result in adjustments or withholding of contract awards.

Forgivable Loan: On September 13, 2004, CAAFA entered into a promissory note with the State of Arizona, Department of Housing (DHS) to provide acquisition and development funds for a safe house totaling \$465,622. Interest is at zero percent (0%), no payments are due during the term of the note and all outstanding principal is due to DHS on January 31, 2025. The promissory note specifies that the note will be forgiven in its entirety at the end of the 20 year period, provided that CAAFA continually operates the property as a safe home for victims of domestic violence, does not dispose or encumber the property, have a judgment entered against CAAFA, or have unresolved non-compliance issues. The FASB ASC contributions section within the revenue recognition subsection of the not-for-profit topic considers conditional promises to give unconditional if the possibility that the condition will not be met is remote. Management of CAAFA has determined that not meeting the conditions contained within the promissory note is remote, therefore, the entire loan amount was reported as unrestricted revenue from government grants in fiscal year ending June 30, 2005.

**NOTE 7 - ECONOMIC DEPENDENCY**

Approximately 83% of CAAFA's revenue for the year ended June 30, 2016, was derived from government agencies (see note 4). Funds that are paid from these agencies are subject to funding approval from their respective boards. Changes in funding levels for could have a significant impact on CAAFA's future revenues.

**NOTE 8 - SUBSEQUENT EVENTS**

CAAFA has evaluated subsequent events through December 7, 2016, the date which the financial statements were available to be issued, and has concluded that no events have occurred since the year ended June 30, 2016, that would require an adjustment to or disclosure in the financial statements.