



**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

YEAR ENDED JUNE 30, 2017

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, 2017, 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, 2017, 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 6, 2017

**COMMUNITY ALLIANCE AGAINST FAMILY ABUSE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017**

ASSETS

Current assets:

Cash	\$ 25,717
Due from government	112,122
Prepaid expenses	6,217
Total current assets	144,056

Fixed assets:

Land	161,680
Leasehold improvements	15,112
Land improvements	11,173
Buildings and improvements	373,490
Vehicles, furniture and equipment	148,634
Less: accumulated depreciation	(216,547)
Total fixed assets	493,542

Deposits	2,800
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Total assets	\$ 640,398
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LIABILITIES AND NET ASSETS

Current and total liabilities:

Accounts payable	\$ 4,026
Accrued payroll, taxes and related benefits	17,938
Total current and total liabilities	21,964

Unrestricted net assets	618,434
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Total liabilities and net assets	\$ 640,398
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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, 2017**

Revenue and support:	
Government grants	\$ 894,604
Grants	600
Contributions	99,096
In-kind revenue	26,903
Special events	19,246
Miscellaneous	30
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Total revenue and support	1,040,479
Expenses:	
Payroll	540,508
Payroll related taxes and benefits	94,288
Accounting	9,424
Other purchased service fees	38,802
Shelter activities	29,192
General supplies	27,828
Administrative supplies	3,311
Printing and postage	8,407
Dues and fees	4,217
Special events	13,107
Rent and related	34,076
Repairs and maintenance	12,909
Utilities	28,943
Travel	13,324
Transportation	2,835
Information technology	8,058
Insurance	17,247
In-kind donation	26,903
Depreciation	15,911
Miscellaneous	5,662
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Total expenses	934,952
Change in net assets	105,527
Net assets, beginning of year	512,907
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Net assets, end of year	\$ 618,434
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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, 2017**

Cash flows from operating activities:	
Change in net assets	\$ 105,527
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	15,911
Changes in:	
Due from government	341
Prepaid expenses	(6,217)
Deposits	(2,800)
Accounts payable	<u>(1,004)</u>
Net cash provided by operating activities	<u>111,758</u>
Cash flows from investing activities:	
Purchases of fixed assets	<u>(98,878)</u>
Net cash used in investing activities	(98,878)
Cash flows from financing activities:	
Proceeds from line of credit	12,150
Principal payments on line of credit	<u>(23,854)</u>
Net cash used in financing activities	(11,704)
Net increase in cash	1,176
Cash, beginning of year	<u>24,541</u>
Cash, end of year	<u><u>\$ 25,717</u></u>

Supplemental disclosure of cash flow information

Cash paid for interest	<u><u>\$ 167</u></u>
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The accompanying notes are an integral part of this statement.

COMMUNITY ALLIANCE AGAINST FAMILY ABUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017.

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, 2017

**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.

Leasehold improvements	5-25 years
Land improvements	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 6. 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, 2017. 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, 2017**

NOTE 3 - LINE OF CREDIT

CAAFa 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, 2017, there was no outstanding balance.

NOTE 4 - OPERATING LEASE

CAAFa entered into leases for an administration and outreach office through the fiscal year ending June 30, 2023. Rental payments begin in the fiscal year ending June 30, 2018. Future minimum operating lease commitments are as follows:

Year ending June 30:		
2018	\$	30,800
2019		34,524
2020		35,554
2021		36,630
2022		37,710
Thereafter		<u>3,150</u>
	\$	<u><u>178,368</u></u>

NOTE 5 - GOVERNMENT GRANTS

CAAFa received grants from various government agencies or passed through other organizations during the year ended June 30, 2017:

Grants were received or passed through the following organizations:

Arizona Department of Health Services	\$	256,188
Arizona Department of Economic Security		214,055
Governor's Office for Children, Youth and Families		88,198
Arizona Department of Public Safety		289,250
City of Apache Junction		20,000
Arizona Criminal Justice System		20,875
Miscellaneous Grants		<u>6,038</u>
Total	\$	<u><u>894,604</u></u>

COMMUNITY ALLIANCE AGAINST FAMILY ABUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - FUNCTIONAL EXPENSE CLASSIFICATION

The following is a summary of CAAFA's expenses by function for the year ended June 30, 2017:

Domestic abuse relief services	\$ 796,538
General and administrative	106,231
Fundraising	<u>32,183</u>
Total	<u>\$ 934,952</u>

NOTE 7 - 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 8 - ECONOMIC DEPENDENCY

Approximately 86% of CAAFA's revenue for the year ended June 30, 2017, was derived from government agencies (see note 5). 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 9 - SUBSEQUENT EVENTS

CAAFA has evaluated subsequent events through December 6, 2017, 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, 2017, that would require an adjustment to or disclosure in the financial statements.