CHILDREN'S ADVOCACY ALLIANCE, INC.

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2017

HOULDSWORTH
RUSSO & COMPANY
Certified Public Accountants

CHILDREN'S ADVOCACY ALLIANCE, INC.

MARCH 31, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Children's Advocacy Alliance, Inc.
Las Vegas, Nevada

We have audited the accompanying financial statements of Children's Advocacy Alliance, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2017, and the related statements of activities, functional expenses 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.

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 Children's Advocacy Alliance, Inc. as of March 31, 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.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
August 28, 2017

Certified Public Accountants

CHILDREN'S ADVOCACY ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 110,687
Cash and cash equivalents, restricted	21,498
Grants receivable	11,050
Pledges receivable	76,792
Prepaid expenses	6,305
Total current assets	226,332
PROPERTY AND EQUIPMENT, NET	4,299
OTHER ASSETS	
Deposits	2,786
	$ 233,417

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 1,719
Accrued expenses	11,836
Total current liabilities	13,555
NET ASSETS	
Unrestricted	121,572
Temporarily restricted	98,290
Total net assets	219,862
Total liabilities and net assets	$ 233,417

See accompanying notes to financial statements.

CHILDREN'S ADVOCACY ALLIANCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2017

UNRESTRICTED NET ASSETS	
Unrestricted revenue, gains and other support:	
Contributions and grants	$ 431,066
In-kind donations	3,750
Gain on sale of property and equipment	92
Interest income	37
Net assets released from restrictions	44,723
	479,668
Expenses:	
Program services:	
School Readiness	167,069
Children's Safety	54,147
Children's Health	104,233
	325,449
Supporting services:	
Management and general	72,174
Fundraising	12,497
	410,120
Increase in unrestricted net assets	69,548
TEMPORARILY RESTRICTED NET ASSETS	
Contributions and grants	46,094
Net assets released from restrictions	(44,723)
Increase in temporarily restricted net assets	1,371
INCREASE IN NET ASSETS	70,919
NET ASSETS AT BEGINNING OF YEAR	148,943
NET ASSETS AT END OF YEAR	$ 219,862

See accompanying notes to financial statements.

CHILDREN'S ADVOCACY ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2017

	Program Services			Support Services		
	School Readiness	Children's Safety	Children's Health	Management and General	Fundraising	Total
Salaries	$ 101,808	$ 35,662	$ 69,816	$ 35,310	$ 8,720	$ 251,316
Payroll taxes	7,791	2,729	5,343	2,702	667	19,232
Employee benefits	6,149	2,154	4,217	2,133	527	15,180
Accounting	-	-	-	16,042	-	16,042
Depreciation	995	348	682	345	85	2,455
Dues and subscriptions	-	-	-	1,517	-	1,517
Insurance	1,144	401	785	397	97	2,824
Marketing	10,628	1,796	2,025	1,905	522	16,876
Meetings and conferences	16,603	2,827	3,050	464	69	23,013
Office expenses	2,187	766	1,500	758	187	5,398
Occupancy	9,063	3,175	6,215	3,143	776	22,372
Professional fees	833	833	3,834	4,036	-	9,536
Supplies	2,532	887	1,736	878	217	6,250
Telephone	2,025	709	1,388	702	174	4,998
Travel	5,311	1,860	3,642	1,842	456	13,111
	$ 167,069	$ 54,147	$ 104,233	$ 72,174	$ 12,497	$ 410,120

See accompanying notes to financial statements.

CHILDREN'S ADVOCACY ALLIANCE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$	70,919
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		2,455
Gain on sale of property and equipment		(92)
(Increase) decrease in operating assets:		
Grants receivable		8,287
Unconditional promises to give		(24,069)
Prepaid expenses		(2,194)
Increase (decrease) in operating liabilities:		
Accounts payable		1,182
Accrued expenses		532
Net cash provided by operating activities		57,020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment		(580)
Proceeds from disposal of property and equipment		230
Net cash used in investing activities		(350)
INCREASE IN CASH AND CASH EQUIVALENTS		56,670
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		75,515
CASH AND CASH EQUIVALENTS, END OF YEAR	$	132,185
SUMMARY OF CASH ACCOUNTS		
Cash and equivalents	$	110,687
Cash and equivalents, restricted		21,498
	$	132,185

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Children's Advocacy Alliance, Inc. (the Organization) was incorporated in the State of Nevada and began operations in July 1998. The Organization was established to educate the public on issues related to children who are victims of child abuse and neglect, including providing financial and other support to children in the foster care system in Southern Nevada. In 2011, the Organization reorganized to expand the scope of services to include public education, data collection and analysis, stakeholder convening, and advocacy in the areas of children's safety, school readiness, and children's health throughout the State of Nevada.

Program Descriptions

Children's Advocacy Alliance, Inc., is an independent voice dedicated to achieving systems level improvements in the areas of children's safety, children's health and school readiness. The Organization creates lasting change by tackling the biggest issues that kids and families face. The School Readiness program works toward ensuring that every child in Nevada has the opportunity to enter school ready to learn. The Children's Safety program is committed to the long-term goal of safely reducing the number of children in foster care and improving the outcomes for those children and families who are already in care by addressing the strategic drivers of progress and change. The Children's Health program works to ensure that every child in Nevada has the opportunity to grow up healthy, from the prenatal period through their teen years.

The Organization brings people together to build consensus around priorities and to leverage the collective strength toward real reform.

The Organization collects, analyzes and shares research and information with people who make decisions impacting Nevada's children and families.

The Organization builds public will through education, outreach and advocacy to solve expansive and chronic problems facing kids and families.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections. Under ASC 958-205, 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.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly-liquid investments with an initial maturity of six months or less to be cash equivalents.

Use of Estimates

Timely preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures, some of which may need revision in future periods.

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by their donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a 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.

Receivables

Grants and pledges receivables represent promises from donors to give to the Organization. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional pledges receivable are recognized at fair value when the conditions on which they depend are substantially met. Grants receivable and pledges receivable are stated at the amount management expects to collect from outstanding balances. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Management expects to collect all outstanding balances of grants and pledges receivable. Therefore, no provision for uncollectible grants or pledges receivables was present at March 31, 2017.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method. Acquisitions of property and equipment in excess of $500 with a useful life over one year are capitalized.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. For the year ending March 31, 2017, advertising expense was $16,876.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code. The Organization qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount which the carrying amount of the assets exceeds the fair value of the assets.

Gifts of Long-Lived Assets

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Subsequent Events

Subsequent events have been evaluated through August 28, 2017, which is the date the financial statements were available to be issued.

NOTE 2. PLEDGES RECEIVABLE

Unconditional promises to give at March 31, 2017 are due within one year.

NOTE 3. RELATED PARTY TRANSACTIONS

The Organization received $186,850 in contributions from board members and their spouses. These contributions represent 39% of total support. Pledges receivable from board members totaled $75,850. These pledges represent 99% of total pledges receivable. Pledges receivable from one board member totaled $50,000. This pledge represents 65% of total pledges receivable.

NOTE 4. CONCENTRATION OF RISK

The Organization maintains its balance of cash in a financial institution in Nevada. The balance at the Nevada institution is insured by the Federal Deposit Insurance Corporation up to $250,000. The entire balance at March 31, 2017 was insured.

NOTE 5. RESTRICTED NET ASSETS

The Organization has temporarily restricted net assets at March 31, 2017 as follows:

Children's Memorial Garden	$	754
Advocacy of early childhood education programs		14,544
Foster Youth Grad Gala		6,200
Time restricted		76,792
Total	$	98,290

Temporarily restricted net assets are held in cash of $21,498 and pledges receivable of $76,792.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Furniture and equipment	$	13,214
Less: accumulated depreciation		(8,915)
Total	$	4,299

NOTE 7. LEASES

The Organization entered into a three-year operating lease for office space in Las Vegas, Nevada. The lease commenced on July 18, 2014 and expired on July 17, 2017. Monthly rent was $1,363. At the expiration of the prior lease, the Organization entered into a new three-year operating lease for the same office space commencing July 17, 2017 and expiring July 31, 2020. The new monthly rent is $1,636. The Organization entered into a one-year lease agreement for office space in Reno, Nevada. The lease commenced on January 1, 2016 and expired December 31, 2016. Monthly rent was $400. At the expiration of the prior lease, the Organization entered into a new one-year lease for the same office space commencing January 1, 2017 and expiring December 31, 2017. Monthly rent is $400. Future minimum rental payments under these leases at March 31, 2017 are as follows:

2018	$	22,270
2019		19,624
2020		19,624
2021		5,724
	$	67,242

Rent expense was $21,153 for the year ending March 31, 2017.