

CALIFORNIA PARENTING
INSTITUTE
dba CHILD PARENT
INSTITUTE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
California Parenting Institute
dba Child Parent Institute
Santa Rosa, California

We have audited the accompanying financial statements of California Parenting Institute dba Child Parent Institute (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2015, and the related statements of activities 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 audits. We conducted our audits 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.



Goranson and Associates, Inc.

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Parenting Institute dba Child Parent Institute as of June 30, 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.

Report on Summarized Comparative Information

We have previously audited the California Parenting Institute dba Child Parent Institute's financial statements for the year ended June 30, 2014, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 17, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

November 12, 2015
Santa Rosa, California

CALIFORNIA PARENTING INSTITUTE
 dba CHILD PARENT INSTITUTE
 STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2015

(With summarized comparative totals for June 30, 2014)

	2015	2014
ASSETS		
Current assets:		
Cash	\$ 2,317,761	\$ 1,036,131
Accounts receivable	448,371	407,985
Prepaid expenses and deposits	19,083	24,056
Total current assets	2,785,215	1,468,172
Fixed assets:		
Buildings	5,148,376	5,638,996
Furniture and equipment	202,533	202,533
Subtotal	5,350,909	5,841,529
Less accumulated depreciation	(1,462,455)	(1,821,170)
Net fixed assets	3,888,454	4,020,359
Total assets	\$ 6,673,669	\$ 5,488,531
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 247,121	\$ 244,864
Security deposits	10,032	10,032
Current portion of long-term debt	48,762	54,159
Total current liabilities	305,915	309,055
Long-term debt, net of current portion	2,829,041	2,788,920
Total liabilities	3,134,956	3,097,975
Net assets:		
Unrestricted:		
Undesignated	2,861,253	1,756,080
Board-designated operating reserves	485,600	485,600
Board-designated building reserves	100,000	100,000
Total unrestricted net assets	3,446,853	2,341,680
Temporarily restricted	91,860	48,876
Total net assets	3,538,713	2,390,556
Total liabilities and net assets	\$ 6,673,669	\$ 5,488,531

The accompanying notes are an integral part of these financial statements

CALIFORNIA PARENTING INSTITUTE
dba CHILD PARENT INSTITUTE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(with summarized comparative totals for the year ended June 30, 2014)

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
SUPPORT AND REVENUE:				
Grants and contracts	\$ 3,179,773	\$ 60,397	\$ 3,240,170	\$ 3,383,565
Contributions	1,128,186	30,000	1,158,186	287,641
Fees	110,837	-	110,837	78,900
Community event	19,023	-	19,023	13,297
Special events, net of \$12,281 expenses	32,662	-	32,662	16,776
Investment income	14,680	-	14,680	1,349
Gain(Loss) on sale of assets	433,011	-	433,011	-
Other income	15,131	25,762	40,893	47,648
Net assets released from restriction	73,175	(73,175)	-	-
Total support and revenue	<u>5,006,478</u>	<u>42,984</u>	<u>5,049,462</u>	<u>3,829,176</u>
EXPENSES:				
Program	3,679,736		3,679,736	3,641,655
Management and general	140,380		140,380	97,136
Fundraising	56,183		56,183	57,183
Total expenses	<u>3,876,299</u>		<u>3,876,299</u>	<u>3,795,974</u>
Change in net assets before other revenue	<u>1,130,179</u>	<u>42,984</u>	<u>1,173,163</u>	<u>33,202</u>
OTHER REVENUE:				
Rental income, net of expenses	(25,006)	-	(25,006)	1,189
Change in net assets before goodwill	1,105,173	42,984	1,148,157	34,391
Acquisition of goodwill	-	-	-	81,399
CHANGE IN NET ASSETS	1,105,173	42,984	1,148,157	115,790
NET ASSETS, beginning	<u>2,341,680</u>	<u>48,876</u>	<u>2,390,556</u>	<u>2,274,766</u>
NET ASSETS, ending	<u>\$ 3,446,853</u>	<u>\$ 91,860</u>	<u>\$ 3,538,713</u>	<u>\$ 2,390,556</u>

The accompanying notes are an integral part of these financial statements

CALIFORNIA PARENTING INSTITUTE
dba CHILD PARENT INSTITUTE
STATEMENT OF SUPPORT, REVENUE AND FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2015
(with summarized comparative totals for the year ended June 30, 2014)

SUPPORT AND REVENUE:	Program	Management and General	Fundraising	Rental	2015 Total	2014 Total
Grants and contracts	\$ 3,160,881	\$ 79,289			\$ 3,240,170	\$ 3,383,565
Fees	110,667	170			110,837	78,900
Contributions	172,358	985,828			1,158,186	287,641
Community events	19,023	-			19,023	13,297
Special events, net of \$12,281 expenses			\$ 32,661		32,661	16,776
Investment income	-	1,199	-		1,199	1,349
Gain(Loss) on investments	-	13,481	-		13,481	-
Gain(Loss) on sale of assets	-	433,011	-		433,011	-
Other income	38,529	2,363	-	\$ 131,975	172,867	206,095
Total support and revenue	<u>3,501,458</u>	<u>1,515,341</u>	<u>32,661</u>	<u>131,975</u>	<u>5,181,435</u>	<u>3,987,623</u>
EXPENSES:						
Salaries and wages	2,200,974	69,090	45,363	4,800	2,320,227	2,267,922
Payroll tax expenses	200,063	5,804	4,068	428	210,363	208,487
Employee benefits	166,943	27,654	356	38	194,991	227,276
Occupancy	63,486	34,288	185	30,522	128,481	130,778
Professional fees	133,047	33,816	166	15,097	182,126	207,115
Subgrantee	244,256	-	-	-	244,256	200,136
Interest expense	72,982	19,674	-	43,502	136,158	138,918
Depreciation	34,079	108,364	-	57,799	200,242	197,139
Supplies and equipment	98,376	6,354	618	43	105,391	72,822
SCBC expense	24,852	-	-	-	24,852	16,963
Computer support	38,495	22,974	-	-	61,469	58,350
Travel and conferences	41,446	1,118	1,319	-	43,883	54,465
Communications	15,286	3,565	-	-	18,851	17,507
Insurance	4,807	33,259	-	4,752	42,818	38,732
Community outreach	13,349	232	1,588	-	15,169	18,690
Postage	1,084	2,816	68	-	3,968	2,549
Printing and duplication	6,068	3,911	-	-	9,979	8,418
Equipment rental and repair	37,654	9,367	1,000	-	48,021	52,499
Other operating expense	27,734	12,849	1,452	-	42,035	34,466
Indirect Cost Allocation	254,755	(254,755)	-	-	-	-
Total expenses	<u>3,679,736</u>	<u>140,380</u>	<u>56,183</u>	<u>156,981</u>	<u>4,033,280</u>	<u>3,953,232</u>
CHANGE IN NET ASSETS	<u>\$ (178,278)</u>	<u>\$ 1,374,961</u>	<u>\$ (23,522)</u>	<u>\$ (25,006)</u>	<u>\$ 1,148,155</u>	<u>\$ 34,391</u>

The accompanying notes are an integral part of these financial statements

CALIFORNIA PARENTING INSTITUTE
 dba CHILD PARENT INSTITUTE
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2015
 (with summarized comparative totals for the year ended June 30, 2014)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,148,157	\$ 115,790
Adjustments to reconcile change in net assets to cash from operations		
Depreciation and amortization	200,242	197,139
Gain on sale of investments	(13,481)	-
Gain on sale of assets	(433,011)	-
Acquisition of goodwill	-	(81,399)
(Increase) decrease in:		
Accounts and grants receivable	(40,386)	(27,116)
Prepaid expenses and deposits	4,973	(4,977)
Increase (decrease) in:		
Security deposits	-	(4,204)
Accounts payable and accrued expenses	2,257	27,949
Total cash provided by operations	<u>868,751</u>	<u>223,182</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(791,845)	(1,019,406)
Sales proceeds from sale of property and equipment	1,170,000	90,104
Total cash provided (used) by investing activities	<u>378,155</u>	<u>(929,302)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long term debt	800,000	500,000
Principal payments on long-term debt	(765,276)	(46,493)
Total cash provided by investing activities	<u>34,724</u>	<u>453,507</u>
NET CHANGE IN CASH	1,281,630	(252,613)
CASH, beginning of year	<u>1,036,131</u>	<u>1,288,744</u>
CASH, end of year	<u>\$ 2,317,761</u>	<u>\$ 1,036,131</u>
Supplemental information:		
Cash paid for interest	<u>\$ 136,158</u>	<u>\$ 138,918</u>

The accompanying notes are an integral part of these financial statements

CALIFORNIA PARENTING INSTITUTE
dba CHILD PARENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 ORGANIZATION

California Parenting Institute dba Child Parent Institute (CPI) is a family resource center founded in 1978 in Sonoma County. CPI's mission is to end child abuse and strengthen the health of children, parents and families. CPI provide education and counseling for parents and children. We treat children and families who have experienced trauma and abuse. CPI has been designated by the State of California as the county's provider of treatment for child victims of abuse and neglect. Primary sources of revenue and support include government funding, program fees, and contributions.

Sonoma County Adult and Youth Development (SCAYD) was acquired by CPI in October 2013 (see Note 9). SCAYD was a California nonprofit public benefit corporation established in 1981 in Sonoma County to develop and administer substance abuse prevention and intervention programs at the elementary and high school levels. SCAYD provides youth groups and family counseling services from their Rohnert Park office and works with the cities of Cotati and Rohnert Park and the larger community on prevention efforts. SCAYD primarily received its funding from public and private sources, as well as program fees.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - CPI reports information regarding its financial position and activities on an accrual basis according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of CPI to meet the stipulations or that become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be retained and invested permanently by CPI to use all or part of the investment return on these net assets for specified or unspecified purposes.

Net assets released from restriction - Temporarily restricted net assets are “released” to unrestricted net assets when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

CALIFORNIA PARENTING INSTITUTE
dba CHILD PARENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Other Basis of Presentation Policies - Revenues or support are reported as increases in unrestricted net assets unless subject to donor-imposed restrictions. If temporary restrictions are fulfilled in the same time period the revenue or support is received, CPI reports the revenue or support as unrestricted. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets of liabilities are reported as increases or decreases in unrestricted net assets unless restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents - Cash equivalents consist primarily of money market accounts and other investments with an original maturity of 90 days or less.

Concentration of Credit Risk - CPI maintains cash balances at institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amount in excess of the FDIC limit totaled \$530,943 at June 30, 2015. In addition, at times during the year, CPI held cash and cash equivalent balances in excess of federally insured limits.

Accounts receivable - Accounts receivable consists primarily of contract fees and grant reimbursements due to CPI. Management believes that all receivables are collectable and, therefore, an allowance for uncollectable receivables is not recorded.

Property and Equipment - Property and equipment are stated at cost and depreciated or amortized using the straight-line method over estimated useful lives of 3 to 39 years. Contributed property and equipment is recorded at fair market value at the date of donation. In the absence of donor stipulations, all contributions of property and equipment are recorded as unrestricted support and depreciated or amortized over the asset's estimated useful life. CPI capitalizes property and equipment if cost equals or exceeds \$2,500.

CPI 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 the gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, CPI reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

Assets purchased with grantor funds are expensed in the period acquired in accordance with the grantor's funding terms and conditions.

CALIFORNIA PARENTING INSTITUTE
dba CHILD PARENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes - CPI is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined the Organization is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Management of CPI considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the CPI's status as a not-for-profit entity. Management believes CPI met the requirements to maintain its tax-exempt status and, therefore, no provision for income taxes has been provided in these financial statements. CPI does file an unrelated business income tax return to report certain unrelated income items. The CPI's tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

Fair Value Measures - CPI reports its fair value measures by using a fair value hierarchy defined by generally accepted accounting principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

The three level of the fair value hierarchy under GAAP are:

Level 1—Unadjusted quoted prices in active markets accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2—Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3— Prices for valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (inputs are supported by little or no market activity).

CALIFORNIA PARENTING INSTITUTE
dba CHILD PARENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Allocation of Expenses – CPI's expenses are presented on a functional basis, showing basic program activities and support services. CPI allocates expenses to program and support services based on the organizational cost centers in which expenses are incurred. In certain instances, expenses are allocated between support and program services based upon a systematic methodology.

Summarized financial information - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CPI'S financial statements for the year ended June 30, 2014, from which the summarized information was derived.

CALIFORNIA PARENTING INSTITUTE
 dba CHILD PARENT INSTITUTE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30, 2015:

Medi-Cal Care	\$	95,929
Medical Assistance Program		84,064
County of Sonoma - MC Collaborative		75,123
Sonoma County Office of Education		73,296
CA Governor's Office of Emergency Services		35,912
Urgent Response		21,084
County of Sonoma Sherrif's Office		12,459
County of Sonoma - MHSA		11,083
Other receivables		39,421
		39,421
Total	\$	448,371

NOTE 4 ACCRUED VACATION AND SICK LEAVE

Accumulated unpaid employee vacation benefits are recognized as liabilities of CPI. The value of accrued vacation at June 30, 2015 was \$54,351.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated sick leave benefits are not recognized as liabilities since payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenses in the period taken.

NOTE 5 BANK LINE OF CREDIT

CPI has renewed a \$200,000 unsecured revolving line of credit, with variable interest payable at 4.50% or 1.9% percent over the prime rate as published in the Western Edition of the Wall Street Journal at June 30, 2015. The credit line matures November 30, 2015. There is no balance at June 30, 2015.

CALIFORNIA PARENTING INSTITUTE
 dba CHILD PARENT INSTITUTE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 6 LONG-TERM DEBT

At June 30, 2015, long term debt consists of the following:

A note payable to a bank was refinanced on March 17, 2014 with a maturity date of June 1, 2020. Principal and interest payments are \$11,993 for the first sixty-four months with a balloon payment estimated at \$1,889,193 due on June 1, 2020. Interest is at a fixed rate of 5.25%. A minimum interest rate of 4.95% can be reset once on August 1, 2019. The note is secured by the building which houses the main operations of CPI.

\$ 2,077,803

A note, payable to Northern Trust Bank with a maturity date of November 6, 2019 was signed on November 6, 2014 backed by a security agreement. Outstanding principal will accrue interest daily at the rate of 2.17% per annum and no principal is due for the first year of the loan. Principal and interest are payable November 2016, to be paid in 60 consecutive monthly installments of principal and interest totaling \$4,111.79 per month. All principal and interest outstanding as of November 6, 2019 shall be paid in a lump sum of \$666,489.89.

800,000

2,877,803

Less current portion

(48,762)

Noncurrent portion

\$ 2,829,041

Future maturities are as follows at June 30:

2016	\$	48,762
2017		61,815
2018		63,683
2019		66,368
2020	\$	2,637,157

CALIFORNIA PARENTING INSTITUTE
 dba CHILD PARENT INSTITUTE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2015:

Sonoma County Breastfeeding Coalition (SCBC)	\$ 26,946
Boethin Grant	25,000
Collaborative Autism Training And Support Program	8,634
Kaiser Grant	20,000
Community Foundation Grant	10,000
Partnership for Children	1,280
Total	<u>\$ 91,860</u>

NOTE 8 BOARD-DESIGNATED RESERVES

The Board of Directors approved two reserves: an operating reserve in the amount of \$485,600 equivalent to fifteen percent of expenses; and a building reserve in the amount of \$100,000 for future repairs and maintenance. The total board-designated reserves, which are unrestricted net assets, are \$585,600 at June 30, 2015.

NOTE 9 BENEFICIAL INTEREST IN ENDOWMENT

An endowment fund was established at the Community Foundation of Sonoma County (Foundation) whereby CPI is the beneficiary of the income earned from the endowment. In accordance with the agreement, the annual net earnings from the fund are available to CPI from the Foundation, according to a formula set by the Foundation. At June 30, 2015, the value of the assets held for CPI at the Foundation totaled \$167,018, of which \$80,521 was available for use.

CALIFORNIA PARENTING INSTITUTE
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 TAX-DEFERRED ANNUITY PLAN

CPI provides a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code (IRS). Employees may make voluntary contributions to the plan up to the maximum amount allowed by the IRS. CPI does not make any contributions to the plan.

NOTE 11 CONTINGENCIES

CPI receives a substantial portion of its support from governmental grants which makes up 56% of total income received and 96% percent of total grants received. The ultimate determination of these programs generally is based upon allowable costs reported to and accounted for the funding agencies. A significant reduction in the level of this support may have an effect on CPI's programs.

NOTE 12 SUBSEQUENT EVENTS

CPI has evaluated subsequent events through November 12, 2015, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2015 that would have a material impact on CPI's results of operations or financial position.