CENTER FOR YOUTH WELLNESS
San Francisco, California

FINANCIAL STATEMENTS
December 31, 2013 and 2012

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Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Center for Youth Wellness
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Youth Wellness, which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows for year ended December 31, 2013 and for the period from August 1, 2011 (date operations commenced) to December 31, 2012, 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.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Youth Wellness as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the year ended December 31, 2013 and for the period from August 1, 2011 (date operations commenced) to December 31, 2012, in accordance with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP

Crowe Horwath LLP

San Francisco, California
June 16, 2014

CENTER FOR YOUTH WELLNESS
STATEMENTS OF FINANCIAL POSITION
December 31, 2013 and 2012

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,409,106	$ 1,005,021
Grants and pledges receivable – due within one year	953,263	1,471,589
Prepaid expenses and other assets	11,997	8,751
Total current assets	2,374,366	2,485,361
Property, plant and equipment, net (Note 2)	1,212,650	120,044
Grants receivable – due after one year	1,022,083	975,000
Total assets	$ 4,609,099	$ 3,580,405
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 62,461	$ 7,138
Accrued expenses	148,699	51,379
Total current liabilities	211,160	58,517
Commitments and contingencies (Note 3)		
Net assets:		
Unrestricted	1,889,372	792,710
Temporarily restricted (Note 4)	2,508,567	2,729,178
Total net assets	4,397,939	3,521,888
Total liabilities and net assets	$ 4,609,099	$ 3,580,405

See accompanying notes to financial statements.

CENTER FOR YOUTH WELLNESS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2013 and period from August 1, 2011
(date operations commenced) to December 31, 2012

	2013			2011-2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and support:						
Foundation grants	$ 421,552	$ 1,555,000	$ 1,976,552	$ 874,780	$ 3,214,484	$ 4,089,264
Commercial and individual donations	324,561	74,287	398,848	129,480	-	129,480
Donated services, facilities and goods	183,775	-	183,775	261,787	-	261,787
Speech fees and other revenues	36,197		36,197	-	-	-
Net assets released from restrictions	1,849,898	(1,849,898)	-	485,306	(485,306)	-
Total revenues and support	2,815,983	(220,611)	2,595,372	1,751,353	2,729,178	4,480,531
Expenses:						
Program expenses	961,902	-	961,902	409,301	-	409,301
Fundraising	380,849	-	380,849	268,532	-	268,532
General and administrative	376,570	-	376,570	280,810	-	280,810
Total expenses	1,719,321	-	1,719,321	958,643	-	958,643
Change in net assets	1,096,662	(220,611)	876,051	792,710	2,729,178	3,521,888
Net assets, beginning of period	792,710	2,729,178	3,521,888	-	-	-
Net assets, end of period	$ 1,899,372	$ 2,508,567	$ 4,397,939	$ 792,710	$ 2,729,178	$ 3,521,888

See accompanying notes to financial statements.

CENTER FOR YOUTH WELLNESS
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2013

	Program Services								Support Services			
	Mental Health Services	Wellness Coor-dination	Holistic Health	Health Education	Community Manage-ment	Policy and Advocacy	Research and Evaluation	Total Program Services	Fund-raising	Manage-ment and General	Total Support Services	Total
Expenses:												
Salaries and wages	$ 121,152	$ 141,055	$ 14,529	$ 72,309	$ 38,381	$ 117,573	$ 102,583	$ 607,582	$ 232,532	$ 125,054	$ 357,586	$ 965,168
Payroll taxes and employee benefits	18,122	23,618	2,064	12,685	3,603	12,454	15,398	87,944	23,893	16,710	40,603	128,547
Program consultants	6,505	-	-	-	28,101	8,674	1,020	44,300	-	-	-	44,300
Professional services and legal fees	88,617	6,898	365	2,678	850	14,288	3,436	117,132	88,342	140,749	229,091	346,223
Utilities and telecommunications	2,216	2,359	150	916	476	1,324	1,413	8,854	2,645	3,244	5,889	14,743
Insurance	2,256	1,895	109	745	301	725	1,155	7,186	2,675	1,183	3,858	11,044
Office	7,131	4,438	228	1,781	2,208	1,490	6,384	23,660	8,285	13,416	21,701	45,361
Finance and Accounting	-	-	-	-	-	-	-	-	-	64,173	64,173	64,173
Rent	5,129	6,038	352	2,280	925	2,203	3,392	20,319	5,484	3,654	9,138	29,457
Travel and meals	1,195	225	6	2,352	3,191	10,014	1,758	18,741	8,269	4,452	12,721	31,462
Depreciation	6,177	7,185	346	1,939	1,183	2,898	4,829	24,557	7,178	3,907	11,085	35,642
Conferences	-	-	-	-	405	-	1,222	1,627	1,546	28	1,576	3,201
Total functional expenses	$ 258,500	$ 193,711	$ 18,149	$ 97,685	$ 79,624	$ 171,643	$ 142,590	$ 961,902	$ 380,849	$ 376,570	$ 757,421	$ 1,719,321

See accompanying notes to financial statements.

CENTER FOR YOUTH WELLNESS
STATEMENT OF FUNCTIONAL EXPENSES
For the period from August 1, 2011
(date operations commenced) to December 31, 2012

	Program Services								Support Services			
	Mental Health Services	Wellness Coor-dination	Holistic Health	Health Education	Community Manage-ment	Policy and Advocacy	Research and Evaluation	Total Program Services	Fund-raising	Manage-ment and General	Total Support Services	Total
Expenses:												
Salaries and wages	$ 38,529	$ 45,087	$ -	$ 23,460	$ 31,946	$ 26,355	$ 12,359	$ 177,736	$ 155,934	$ 145,572	$ 301,506	$ 479,242
Payroll taxes and employee benefits	5,186	6,262	-	2,807	4,020	2,967	1,716	22,958	19,567	19,810	39,377	62,335
Program consultants	8,700	-	-	15,000	20,062	-	-	43,762	-	-	-	43,762
Professional services and legal fees	39,664	36,330	-	5,806	11,612	31,395	4,479	129,286	67,830	59,924	127,754	257,040
Utilities and telecommunications	369	434	-	269	403	242	197	1,914	1,832	1,490	3,322	5,236
Insurance	323	323	-	230	261	249	120	1,506	1,698	1,568	3,266	4,772
Office	928	1,430	-	515	2,019	1,067	403	6,362	11,077	11,004	22,081	28,443
Finance and Accounting	-	-	-	-	-	-	-	-	-	28,531	28,531	28,531
Rent	3,165	8,453	-	1,351	2,702	1,467	1,043	18,181	10,036	10,383	20,419	38,600
Travel and meals	7	-	-	-	320	3,207	-	3,534	470	1,284	1,754	5,288
Conferences	-	-	-	-	736	965	-	1,701	-	237	237	1,938
Miscellaneous	1,019	-	-	-	797	545	-	2,361	88	1,007	1,095	3,456
Total functional expenses	$ 97,890	$ 98,319	$ -	$ 49,438	$ 74,878	$ 68,459	$ 20,317	$ 409,301	$ 268,532	$ 280,810	$ 549,342	$ 958,643

See accompanying notes to financial statements.

CENTER FOR YOUTH WELLNESS
STATEMENTS OF CASH FLOWS
For the year ended December 31, 2013 and for the period from August 1, 2011
(date operations commenced) to December 31, 2012

	2013	2011-2012
Cash flows from operating activities:		
Change in net assets	$ 876,051	$ 3,521,888
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	35,642	-
Effect of changes in:		
Grants and pledges receivable	471,243	(2,446,589)
Prepaid expenses and other assets	(3,246)	(8,751)
Accounts payable	55,323	7,138
Accrued expenses	97,320	51,379
Net cash provided by operating activities	1,532,333	1,125,065
Cash flows used in investing activities:		
Purchases of property and equipment	(1,128,248)	(120,044)
Net increase in cash and cash equivalents	404,085	1,005,021
Cash and cash equivalents at beginning of period	1,005,021	-
Cash and cash equivalents at end of period	$ 1,409,106	$ 1,005,021
Supplemental cash flow disclosures:		
Income taxes paid	$ -	$ -

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Center for Youth Wellness (the "Organization") is a not-for-profit organization whose primary purpose is to operate a child and family wellness center offering comprehensive social services to the community in the San Francisco Bay Area of California. The Organization provides public education regarding youth wellness locally, statewide, and nationally, by developing and disseminating best practices research, evaluation and policies.

Basis of Presentation: The Organization presents its financial statements on the basis of unrestricted, temporarily restricted and permanently restricted net assets. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Comparability: The first five months of operations for the Organization, which includes period from August 1, 2011 to December 31, 2011, included only limited financial and operational activity, as the Organization was focused on obtaining grant revenue. Management deemed it more efficient to include this initial start-up period together with the first full fiscal year for the Organization. For the year ending December 31, 2013 and beyond, a standard calendar year will be presented in the financial statements. Due to the election by management, the financial statements are not comparable between the year ended December 31, 2013, and for the period from August 1, 2011 (date operations commenced) to December 31, 2012.

Accounting Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accrual for accounts payable and other accrued liabilities are particularly subject to change.

Cash and Cash Equivalents: Cash and cash equivalents includes highly liquid investments with remaining terms to maturity of three months or less at the date of acquisition. As of December 31, 2013, the Organization had deposits with a carrying amount of $1,409,106 and bank balance of 1,351,884, of which $1,101,884 was uninsured.

Grants and Pledges Receivable: Grants and pledges receivable represent unconditional promises to contribute specified amounts to the Organization in the future. The grants and pledges are recognized as donations when made or the grant agreement is executed. Discounts related to pledges receivable are insignificant and have not been recorded.

Grants and pledges received are measured at their fair value and reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction is satisfied, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restriction.

Allowance for Uncollectible Pledges: An allowance is maintained to provide for uncollectible pledges that can be expected to occur in the normal course of operations. The allowance is based on management's analysis of the outstanding pledges and general business and economic conditions in the community. The allowance is established through a provision for pledge losses which reduces gross revenue. Management has determined that no allowance for uncollectible pledges was necessary as of December 31, 2013 or 2012.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment: Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful life of the asset, generally 3 to 10 years. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the improvement. The Organization performs a review of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Long-lived assets are reviewed 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 undiscounted future net cash flows, excluding interest, expected to be generated by the asset. If such assets are considered to be impaired, the impairment is recognized on an asset-by-asset basis. The impairment is measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. There was no impairment recognized for the year ended December 31, 2013 or for the period from August 1, 2011 (date operations commenced) to December 31, 2012.

Income Taxes: The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code, and California Revenue and Tax Code 23701(d).

The Organization has accounted for uncertainty in income taxes as required by the *Accounting for Uncertainty in Income Taxes* Topic of the FASB Accounting Standards Codification. The Organization uses a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The effect of applying this model and the resulting identification of uncertain tax positions, if any, were not considered significant for financial reporting purposes.

The Organization is currently not subject to examination by taxing authorities for the years before 2011, the year in which operations commenced. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Organization recognizes interest and/or penalties related to income tax matters in income tax expense. The Organization did not have any amounts accrued for interest and penalties at December 31, 2013 and 2012.

Revenue Recognition: Contributions of cash and other assets are reported as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as amounts released from restrictions. The Organization has no permanently restricted net assets at December 31, 2013 and 2012.

Donor-restricted contributions, whose restrictions are met in the same reporting period as the contributions, are included as temporarily restricted contributions and net assets released from restrictions in that period.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily Restricted Net Assets: Temporarily restricted net assets represent contributions whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. At December 31, 2013, and 2012, $2,508,667 and $2,729,178, respectively, in temporarily restricted net assets were available for use by the Organization in future years.

Functional Allocation of Expenses: Allocations of general and administrative expenses are made to the various Organization activities based upon employee service hours and program utilization.

Subsequent Events: The Organization has evaluated subsequent events for recognition and disclosure through June 16, 2014, which is the date the financial statements were available to be issued.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2013 and 2012 consisted of the following:

	2013	2012
Leasehold improvements	$ 1,022,295	$ 55,489
Furniture and equipment	110,908	61,886
Software	115,089	2,669
	1,248,292	120,044
Less accumulated depreciation and amortization	(35,642)	-
	$ 1,212,650	$ 120,044

Depreciation and amortization expense for the year ended December 31, 2013 amounted to $35,642. The Organization did not record any depreciation or amortization expense for the period from August 1, 2011 (date operations commenced) to December 31, 2012 as the assets were placed into service at the end of the period.

NOTE 3 – LEASES

The Organization leases office space under certain non-cancellable operating lease agreements. The operating leases expire through March 27, 2023. Lease expense under this agreement totaled $29,457 and $4,600 for the year ended December 31, 2013 and period from August 1, 2011 (date operations commenced) to December 31, 2012, respectively. For the period from August 1, 2011 (date operations commenced) to December 31, 2012, additional lease expense was recognized through contributed office space of $34,000, for a total of $38,600 in rental expense for the period from August 1, 2011 (date operations commenced) to December 31, 2012.

(Continued)

NOTE 3 – LEASES (Continued)

As of December 31, 2013, the Organization's future minimum lease payments are as follows:

Years Ending December 31,	Amount
2014	39,593
2015	45,957
2016	46,941
2017	47,945
2018	48,969
2019-2023	219,915
	$ 449,320

NOTE 4 – TEMPORARILY RESTRICTED ASSETS

Temporarily restricted net assets are available for the following purposes or future periods at December 31, 2013 and 2012:

	2013	2012
Restricted for specific uses and future periods:		
Clinical services	$ 1,421,680	$ 1,312,862
Research/Organization learning/Data	348,741	-
Policy and advocacy/communications	145,021	166,276
Health education & training	493,125	51,288
Capital expenses	-	948,752
Total restricted for uses and future periods	2,408,567	2,479,178
Restricted for future periods:		
2013	-	100,000
2014	50,000	100,000
2015	50,000	50,000
Total restricted for future periods	100,000	250,000
Total	$ 2,508,567	$ 2,729,178

Net assets of $1,849,898 and $485,306 were released during 2013 and 2012, respectively, in accordance with the donors' intent.